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**First Amended and Restated**

**EQUIPMENT LOAN**

**DECLARATION OF TRUST**

by

**GUARANTY TRUST COMPANY OF CANADA**

\_\_\_\_\_  
Dated as of March 23, 1972  
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**BORDEN, ELLIOT, KELLEY & PALMER**

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THIS FIRST AMENDED AND RESTATED EQUIPMENT LOAN  
DECLARATION OF TRUST made as of the 23rd day of March, 1972.

BY:

GUARANTY TRUST COMPANY OF CANADA,  
a trust company duly incorporated  
under the laws of Canada,

(hereinafter called the "Trustee")

WITNESSETH THAT

RECITALS

WHEREAS Canadian National Railway Company (the "Lessee"), the Trustee and National Steel Car Corporation Limited (the "Manufacturer") by an agreement (the "Manufacturing Agreement") have agreed to cause title to the railroad equipment (the "Units") being manufactured for the Lessee by the Manufacturer pursuant to the Manufacturing Agreement to be conveyed to the Trustee;

AND WHEREAS title to the Units is vested in and is to be retained by the Trustee subject to the provisions hereof and such Units are leased by the Trustee to the Lessee by a Lease set forth in Schedule 3 hereto attached;

AND WHEREAS the Bank of Montreal (the "Short Term Lender") has made a loan to the Trustee pursuant to a certain Equipment Loan Declaration of Trust executed by the Trustee on December 31, 1971 (the "Original Trust Declaration"), which Short Term Loan has been deposited with the Trustee and applied in part payment of the Unit Cost of the Units, the remainder of such Unit Cost having been paid by the Purchaser (the "Company") under the Conditional Sale Agreement set forth in Schedule 4 hereto attached;

AND WHEREAS it is intended that certain investors (the "Long Term Lenders") make loans to the Trustee, repayable in accordance with the provisions of this First Amended and Restated Equipment Loan Declaration of Trust, to be deposited with the Trustee and applied in payment of principal due upon the Short Term Loan Certificates (as hereinafter defined).

AND WHEREAS notice of the Refunding Date has been given on behalf of the Trustee to each Long Term Lender setting forth the number of Units in respect of which Written Requests have been received by the Trustee pursuant to Sections 3.02 and 3.03 of the Original Trust Declaration, the aggregate of the Unit Costs thereof, and the time on the Refunding Date on which the issuance of Long Term Loan Certificates is to take place;

AND WHEREAS the Short Term Lender and the Company have delivered a consent and Written Request, respectively, pursuant to section 9.01 of the Original Trust Declaration, authorizing and requesting the Trustee to enter into a First Amended and Restated Equipment Loan Declaration of Trust upon such terms as may, in the opinion of counsel for the Long Term Lenders, be necessary to provide for (a) the repayment of the loan from Short Term Lender out of the proceeds of the sale of Long Term Loan Certificates (as hereinafter defined); (b) the issue and sale of Long Term Loan Certificates to the Long Term Lenders and of a Replacement Certificate (as hereinafter defined) to the Short Term Lender; and (c) the securing to the holders of such Loan Certificates of the payment of the principal thereof at their respective maturities, whether by declaration or otherwise, with interest to their respective maturities payable as provided therein, all as hereinafter provided, and to evidence the rights of the holders of such Loan Certificates;

AND WHEREAS by the Original Trust Declaration provision was made for the amending of the same for the purpose of adding provisions to, or changing or eliminating provisions of the same and all necessary acts and proceedings have been done and taken to authorize the execution of the within First Amended and Restated Equipment Loan Declaration of Trust.

#### DECLARATION

NOW THEREFORE, the Trustee hereby declares that it holds and will hold the Trust Estate for the rateable use and benefit of the holders of Loan Certificates, subject to and in accordance with all the directrions, powers, limitations and other provisions contained herein.

This First Amended and Restated Equipment Loan Declaration of Trust amends and restates the Original Trust Declaration in its entirety pursuant to Section 9.01 thereof and is a Trust Supplement within the meaning of that term in the Original Trust Declaration. The Original Trust Declaration is, effective upon the execution hereof, amended and restated to read as set out herein, provided that such amendment and restatement shall not affect the validity



of any act done or any right, privilege, obligation or liability acquired or incurred under an agreement made pursuant to any Article of the Original Trust Declaration;

## ARTICLE ONE

### INTERPRETATION

#### DEFINITIONS

Section 1.01. In this Trust Declaration the following terms (except as otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings hereinafter specified:

- (a) "Accessions" shall mean with respect to any Unit or any item of Substituted Equipment any and all additions thereto and parts installed or replaced thereon other than stakes and such other additions and parts as can be removed without damage to such Unit or item of Substituted Equipment and without impairing the originally intended function or use thereof;
- (b) "Casualty Occurrence" shall have the meaning defined in the Lease;
- (c) "Certificate of Acceptance" shall mean a certificate of an inspector or authorized representative of the Lessee delivered pursuant to the Manufacturing Agreement and stating that such Unit or Units have been inspected and accepted on behalf of the Trustee and the Lessee and are marked in the manner required in the Manufacturing Agreement;
- (d) "Company" shall mean the purchaser under the Conditional Sale Agreement and any successor purchaser thereunder;
- (e) "Conditional Sale Agreement" shall mean the conditional sale agreement set forth in Schedule 4 hereto which the Trustee has executed and delivered pursuant to Section 7.01 of the Original Trust Declaration;
- (f) "Counsel" shall mean any barrister or solicitor or firm of barristers and solicitors retained by the Trustee;

- (g) "Event of Default" shall have the meaning defined in the Lease;
- (h) "holders," "Holders of the Loan Certificates" or "Certificateholders" means any person or persons who are the registered holder or registered holders of Loan Certificates;
- (i) "Lease" shall mean the Lease dated as of December 31, 1971 entered into by the Trustee as Lessor and the Lessee, set forth in Schedule 3 hereto, as said Lease may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by and in accordance with the terms of the Original Trust Declaration and this Trust; the term "Lease" shall also include each Lease Schedule from time to time delivered thereunder;
- (j) "Lease Schedule" shall have the same meaning as the term "Schedule" defined in the Lease;
- (k) "Lessee" shall mean the Lessee for the time being under the Lease or, as the context permits, the lessee under any new or substituted Lease entered into pursuant to Section 6.03;
- (l) "Loan Certificates" shall mean the Replacement Certificate and the Long Term Loan Certificates, or any of such Loan Certificates, as the context shall require;
- (m) "Loan Certificate Purchase Agreements" shall mean the agreements between the Trustee or its agent and the Long Term Lenders whereby the Long Term Lenders agree to make loans to the Trustee by purchasing Long Term Loan Certificates;
- (n) "Long Term Lenders" shall mean the several investors which have agreed by the Loan Certificate Purchase Agreements to make Loans to the Trustee by purchasing Long Term Loan Certificates;
- (o) "Long Term Loan Certificates" shall mean the 8.35% CN Equipment Loan Certificates issued pursuant to Section 2.01 hereof;

- (p) "Manufacturer" shall mean National Steel Car Corporation Limited;
- (q) "Manufacturing Agreement" shall mean the agreement dated as of December 31, 1971 between the Lessee, the Trustee and the Manufacturer providing for the manufacture of the Units and the conveyance of title thereto to the Trustee, subject to the provisions of the Original Trust Declaration;
- (r) "Original Trust Declaration" shall mean that certain Equipment Loan Declaration of Trust executed by the Trustee on December 31, 1971;
- (s) "Refunding Date" shall mean the date, not later than March 31, 1972, stipulated in the notice given by the Trustee to the Long Term Lenders as more particularly described in the fifth recital of this Trust Declaration, on which date Long Term Loan Certificates are issuable upon the receipt of the proceeds of sale referred to in Sections 2.01 and 2.02 hereof;
- (t) "Rent" shall mean the rent (including any amount payable under paragraph 2 of the Lease or the similar provisions of any new or substituted Lease entered into pursuant to Section 6.03 hereof) received from the Lessee for the Units or any Substituted Equipment;
- (u) "Rent Assignment" shall mean the assignment of the right to receive rentals under the Lease set forth in Schedule 5 hereto which the Trustee is authorized to execute and deliver by Section 8.02;
- (v) "Replacement Certificate" shall mean the 7% Short Term Equipment Loan Certificate maturing July 5, 1972, issued to the Short Term Lender pursuant to Section 2.03 of the Original Trust Declaration and Section 2.08 of this Trust Declaration;
- (w) "Security Deposit" shall mean the "Original Deposit" received by the Trustee pursuant to paragraph 20 of the Lease or, as the context requires, the "Remaining Deposit" thereunder;

- (x) "Short Term Loan Certificates" shall mean the 7% Short Term Equipment Loan Certificates maturing March 31, 1972, issued to the Short Term Lender pursuant to Section 2.01 of the Original Trust Declaration to secure the Short Term Loan;
- (y) "Stipulated Loss Value" shall with respect to any Unit, mean the Stipulated Loss Value as calculated in accordance with Section 6 of the Lease;
- (z) "Substituted Equipment" shall mean railway equipment acquired by the Trustee pursuant to paragraph 6 of the Lease (or the equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03 hereof), together with all Accessions thereto;
- (aa) "Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to the Security Deposit, each Unit and item of Substituted Equipment, the Lease, any new or substituted lease entered into pursuant to Section 6.03, the Manufacturing Agreement and the Conditional Sale Agreement including without limitation, (i) all amounts of Rent, payments of Stipulated Loss Value, and indemnity or other payments of any kind for or with respect to any Unit or item of Substituted Equipment or otherwise, received under the provisions of the Lease, or of any new or substituted lease entered into pursuant to Section 6.03, (ii) any and all payments or proceeds received by the Trustee upon the termination of the Lease or any new or substituted lease entered into pursuant to Section 6.03 with respect to any Unit or item of Substituted Equipment as the result of the exercise of any option or termination agreement, (iii) all payments received under the Conditional Sale Agreement and (iv) any payments received by the Trustee stated hereby to be part of the Trust Estate;
- (bb) "Trust Supplement" shall mean any instrument supplemental to the Trust Declaration or ancillary hereto or in implement hereof;
- (cc) "Trustee" shall mean the trustee named in this Trust Declaration and includes any successor to the Trustee named herein;
- (dd) "Units" shall mean the items of railroad equipment described in Schedule "A" to

the Lease and, where the context requires, any items of Substituted Equipment and all Accessions thereto, and "Unit" shall mean one of such items and Accessions thereto;

- (ee) "Unit Cost" of a Unit shall mean the anticipated cost for each Unit of equipment as set out in the fourth column of Schedule "A" to the Lease (such anticipated cost being hereinafter referred to as the "Base Price") as increased (by an amount not to exceed 5% of the Base Price) or decreased (by an amount not to exceed 2½% of the Base Price) as a result of changes in freight rates, duties, taxes, specialties, governmental rulings or any modifications or structural changes in the Units as may have been agreed to by the Manufacturer and the Lessee;
- (ff) "Written Request" shall mean a written request signed in the name of the Company by the President or any Vice-President of the Company and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer of the Company;
- (gg) "This First Amended and Restated Equipment Loan Declaration of Trust", "this Trust", "this Trust Declaration", "this Declaration", "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this First Amended and Restated Equipment Loan Declaration of Trust and not to any particular Article, Section, clause, subdivision or other portion hereof, and include any and every Trust Supplement;
- (hh) words importing the singular number only shall include the plural, and vice versa, and words importing the neuter gender or masculine gender shall include respectively the masculine and feminine genders and the feminine and neuter genders and words importing persons shall include firms and corporations, and vice versa.

## HEADINGS

Section 1.02. The headings of all the Articles and Sections hereof and the Table of Contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Trust.

## GOVERNING LAW

Section 1.03. This Trust and the Loan Certificates shall be construed in accordance with the laws of the Province of Ontario and the Loan Certificates shall be treated in all respects as Ontario contracts.

## ARTICLE TWO

### LONG TERM LOAN CERTIFICATES

#### ISSUANCE OF LONG TERM LOAN CERTIFICATES

Section 2.01. Long Term Loan Certificates shall be issued on the Refunding Date in an aggregate principal amount equal to \$11,700,000; provided that if the aggregate of the Unit Costs of the Units delivered, accepted and settled for in accordance with the provisions of the Manufacturing Agreement differs from \$14,622,987.50, such aggregate principal amount shall be varied to that amount determined by (1st) multiplying \$11,700,000 by a fraction, of which the aggregate of the Unit Costs of such Units shall be the numerator and \$14,622,987.50 shall be the denominator, and (2nd) increasing the product so obtained to the nearest amount in thousands of dollars; provided further however that in no event shall such aggregate principal amount be less than \$11,408,000 or greater than \$12,285,000.

#### SALE OF LONG TERM LOAN CERTIFICATES

Section 2.02. Each Long Term Lender shall give the Trustee written or telegraphic notice of its intention to carry out its purchase and directing the Trustee as to the manner of registration of the Long Term Certificates to be purchased by it.

In order to purchase any Long Term Loan Certificate, the Long Term Lender buying the same shall tender, at the time on the Refunding Date specified in the notice described in the fifth recital of this Trust Declaration at the principal office of the Trustee in the City of Toronto, Canada, against delivery to such Long Term Lender of such Long Term Loan Certificate, a certified or official bank cheque made payable to or to the order of the Trustee in the amount of the purchase price of such Long Term Loan Certificate specified in the Loan Certificate Purchase Agreement with such Long Term Lender.

#### TERMS OF LONG TERM LOAN CERTIFICATES

Section 2.03. Except as in this Section 2.03 otherwise provided, the Long Term Loan Certificates shall mature on the dates set out in the amount set opposite such dates as follows:

July 5, 1973	\$ 215,000	July 5, 1976	\$ 274,000
January 5, 1974	224,000	January 5, 1977	286,000
July 5, 1974	233,000	July 5, 1977	298,000
January 5, 1975	243,000	January 5, 1978	310,000
July 5, 1975	253,000	July 5, 1978	323,000
January 5, 1976	263,000		
		July 5, 1987	\$ 8,778,000

If the aggregate principal amount of Long Term Loan Certificates issued pursuant to Section 2.01 is not equal to \$11,700,000, the amounts of the maturities set out herein above shall be altered to those amounts obtained by (1st) multiplying each such amount by a fraction of which the aggregate principal amount of Long Term Loan Certificates so issued shall be the numerator and \$11,700,000 shall be the denominator, and (2nd) increasing, in order of least difference between each product so obtained and the nearest amount in thousands of dollars greater than such product, certain of such products to the nearest amount in thousands of dollars and decreasing the balance of such products, such that the sum of the amounts of the maturities so obtained shall be equal to the aggregate principal amount of Long Term Loan Certificates issued pursuant to Section 2.01 hereof; provided that if two or more such products are equal, the Trustee may use its discretion as to the order in which such products are to be increased or decreased.

Each Long Term Loan Certificate shall bear interest from its date or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Long Term Loan Certificates, whichever is later,

at the rate of 8.35% per annum (after as well as before maturity and after as well as before default, with interest on overdue interest at the same rate) payable half-yearly, on January 5 and July 5 in each year.

#### SINKING FUND

Section 2.04. The Long Term Loan Certificates maturing July 5, 1987 shall be entitled to the benefit of a sinking fund to be applied by the Trustee to the redemption of such Long Term Loan Certificates on the dates set forth in the amounts set opposite such dates as follows:

January 5, 1979	\$337,000	July 5, 1983	\$487,000
July 5, 1979	351,000	January 5, 1984	507,000
January 5, 1980	366,000	July 5, 1984	528,000
July 5, 1980	381,000	January 5, 1985	550,000
January 5, 1981	397,000	July 5, 1985	573,000
July 5, 1981	413,000	January 5, 1986	597,000
January 5, 1982	430,000	July 5, 1986	622,000
July 5, 1982	448,000	January 5, 1987	648,000
January 5, 1983	467,000		

If, as a result of the calculation provided for in Section 2.03 hereof, the aggregate principal amount of Long Term Loan Certificates issued pursuant to Section 2.01 hereof, and maturing on July 5, 1987 is not equal to \$8,778,000, the sinking fund amounts set out above shall be altered to those amounts obtained by (1st) multiplying each amount by a fraction of which the aggregate principal amount of such Long Term Loan Certificates shall be the numerator and \$8,778,000 shall be the denominator and (2nd) increasing in order of least difference between each product so obtained and the nearest amount in thousands of dollars greater than such product, certain of such products to the nearest amount in thousands of dollars and decreasing the balance of such products such that the sum of the sinking fund amounts so obtained shall be equal to the aggregate principal amount of Long Term Loan Certificates issued pursuant to Section 2.01 hereof and maturing on July 5, 1987.

#### SINKING FUND RETIREMENT

Section 2.05. Retirement for sinking fund purposes shall be made by the Trustee pro rata to holders of such Long Term Loan Certificates maturing July 5, 1987, to the nearest \$1,000 principal amount according to the respective principal amounts of such Loan Certificates held by such holders in the discretion of the Trustee, upon thirty days' notice to such holders; provided that failure to give such notice shall not in any way affect the Trustee's right to make such retirement or involve the Trustee in any liability to such holders, or any of them.



ADJUSTMENT OF SINKING FUND ON PAYMENT OF  
STIPULATED LOSS VALUE

Section 2.06. The sinking fund amounts with respect to Long Term Loan Certificates maturing on July 5, 1987 shall be subject to adjustment pursuant to the provisions of Section 5.04 hereof.

DENOMINATIONS AND PLACE OF PAYMENT

Section 2.07. The principal of the Loan Certificates and interest thereon shall be payable, subject to Section 5.09, in lawful money of Canada at any branch in Canada of the Bank of Montreal at the option of the respective holders thereof. Long Term Loan Certificates shall be issued in fully registered form only in denominations of \$1,000 and integral multiples thereof.

REPLACEMENT CERTIFICATE

Section 2.08. Immediately upon the receipt by the Trustee of the proceeds of sale of the Long Term Loan Certificates pursuant to Section 2.02 and contemporaneously with the payment to the Short Term Lender referred to in Section 3.01, the Trustee shall (provided that the Short Term Lender accepts such payment and the Replacement Certificate hereunder referred to in full satisfaction of all of its rights hereunder and under the Short Term Loan Certificates and the Original Trust Declaration) issue and deliver to the Short Term Lender a Replacement Certificate bearing interest at the rate of 7% per annum to become due and payable on July 5, 1972 in a principal amount equal to the sum of:

- (i) the interest then accrued and unpaid on the Short Term Loan Certificates; and
- (ii) an amount equal to 1/2 of 1% of the average daily differences between \$12,301,000 and the principal amount of Short Term Loan Certificates outstanding from time to time for the period from the date of the first advance under the loan from the Short Term Lender to the date of payment of the Unit Cost of the last of the Units to be delivered under the Manufacturing Agreement.

LOAN CERTIFICATES PAYABLE  
ONLY OUT OF TRUST ESTATE

Section 2.09. All payments to be made on the Loan Certificates and under this Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the

extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six hereof. Each holder of a Loan Certificate, by its acceptance of such Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to such holder as above provided and that none of the Lessee, the Company and the Trustee is personally liable to the holder of any Loan Certificate or, subject to Section 7.02 hereof, this Trust Declaration.

#### FORM OF CERTIFICATES

Section 2.10. The Long Term Loan Certificates and the Replacement Certificate shall be in substantially the forms set forth in Schedule 1 and Schedule 2 hereto, respectively, and shall be printed, multilithed or typewritten.

#### EXECUTION OF LOAN CERTIFICATES

Section 2.11. The Loan Certificates shall be signed in the name and on behalf of the Trustee under its corporate seal by the manual signatures of any two of its Authorized Signing Officers. In case any officer of the Trustee whose signature shall appear thereon shall cease to be such officer of the Trustee before the Loan Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Loan Certificates, such Loan Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

#### REGISTRATION, TRANSFER ETC. OF LOAN CERTIFICATES

Section 2.12.

- (a) The Loan Certificates shall be registered, as to both principal and interest, in the name of the holder. The Long Term Loan Certificates shall be transferable upon presentation and surrender thereof for transfer at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, accompanied by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Long Term Loan Certificate or by duly authorized attorney, in form satisfactory to the Trustee.

The registration particulars of any transferee shall be noted by the Trustee on the Long Term Loan Certificate so surrendered unless a new Long Term Loan Certificate is issued upon such transfer at the request of such transferee.

- (b) The several maturities and denominations of Long Term Loan Certificates shall be interchangeable in authorized denominations of the same maturity at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada.
- (c) The Trustee shall cause to be kept at its principal office in the City of Toronto and the City of Montreal, Canada, books for the registration and transfer of the Long Term Loan Certificates.
- (d) For any transfer or exchange the Trustee shall require the payment of a sum sufficient to reimburse it for its expenses and any governmental charge connected therewith, provided that no payment shall be required from any Long Term Lender in respect of the Trustee's such expenses.
- (e) The Trustee shall not be required (i) to transfer or exchange any Long Term Loan Certificate for a period of ten days immediately preceding any interest payment date, or (ii) to issue, transfer or exchange any Long Term Loan Certificate during a period of ten days before any selection of Long Term Loan Certificates to be redeemed pursuant to Section 5.03 hereof or (iii) to transfer or exchange any Long Term Loan Certificates called or being called for redemption in whole or in part.

#### PERSONS ENTITLED TO PAYMENT

Section 2.13. As the interest on the Loan Certificates becomes payable (except interest payable at maturity or on redemption which shall be paid upon presentation of Loan Certificates for payment) the Trustee, subject to Section 2.09 hereof, at least one day prior to each date on which interest on such Loan Certificates becomes due, shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint

holders, to one of such joint holders, at its address in the register provided for herein (or such other address as shall be specified in a written notice to the Trustee signed by such holder or by all such joint holders) a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places at which interest on the Loan Certificates is payable. The forwarding of such cheque shall satisfy and discharge the liability hereunder for the amount of the payment represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation; provided that in the event of non-receipt or loss or destruction of such cheque the Trustee shall, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, issue or cause to be issued to such holder or holders a replacement cheque for the like amount.

The Trustee may deem and treat the person in whose name any Loan Certificate shall have been issued and registered by the Trustee as the absolute owner of such Loan Certificate for the purpose of receiving payment of all amounts payable by the Trustee with respect to such Loan Certificate and for all other purposes, and the Trustee shall not be affected by any notice to the contrary.

#### LOST OR DESTROYED LOAN CERTIFICATES

Section 2.14. In case any Loan Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Loan Certificate of like maturity, tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancellation of, the mutilated or defaced Loan Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new Loan Certificate shall furnish to the Trustee evidence to its satisfaction of the loss, destruction or theft of such Loan Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Loan Certificate, and also shall furnish such security or indemnity as may be required by the Trustee in its discretion, and shall pay all expenses and charges of such substitution or exchange.

#### NO INTEREST IN TRUST ESTATE AFTER PAYMENT IN FULL

Section 2.15. A holder of a Loan Certificate shall have no further beneficial interest in, or other right with respect to, the Trust Estate when and if the principal of and interest on all Loan Certificates held by such holder and all other sums payable to such holder hereunder and under such Loan

Certificates shall have been paid in full, and in such event the Trustee shall convey to the Company title to all the Units and Substituted Equipment.

### ARTICLE THREE

#### PAYMENT OF SHORT TERM LOAN CERTIFICATES

Section 3.01. If the moneys in the Trust Estate together with the proceeds of sale referred to in Section 2.01 and 2.02 hereof on the Refunding Date shall be sufficient for the payment of the principal of the Short Term Loan Certificates, the Trustee shall direct that an amount out of such proceeds or moneys sufficient for such payment be paid to or to the order of the Short Term Lender or shall set aside an amount thereof sufficient for such payment in its deposit department or shall deposit said amount in any chartered bank in Canada and upon and after such setting aside, payment or deposit, such Short Term Loan Certificates shall no longer be deemed to be outstanding or entitled to the benefits of this Trust Declaration or the Original Trust Declaration except for the right of the holder thereof to receive such principal and interest (together with such interest thereon, if any, as the deposit department of the Trustee or such chartered bank may allow) against presentation and surrender to the Trustee of such Short Term Loan Certificates.

### ARTICLE FOUR

#### INCLUSION OF SUBSTITUTED EQUIPMENT IN TRUST ESTATE: INVESTMENT

Section 4.01. The Trustee shall, promptly after its acquisition of any Substituted Equipment, execute a Lease Schedule pursuant to paragraph 1 of the Lease and a Trust Supplement including such Substituted Equipment as part of the Trust Estate.

#### INVESTMENT OF MONIES IN TRUST ESTATE

Section 4.02. Monies remaining in the Trust Estate from time to time shall be invested and reinvested by the Trustee in direct or guaranteed obligations of the Government of Canada or any Province of Canada and/or in certificates of deposit and/or time deposits of any Canadian chartered bank or Canadian trust company. Interest or other proceeds accruing on or arising from any such investment will also be invested by the Trustee as aforesaid.

federal taxes (other than income taxes payable by the Lessor or the Permitted Assignee in consequence of the receipt of payments provided herein), assessments or license fees (and any charges, fines or penalties of any kind in connection therewith) (hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by, this Lease, the Manufacturing Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Manufacturing Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor or the Permitted Assignee solely by reason of its acquisition and/or ownership thereof and will keep at all times all and every part of such Unit free and clear of all such impositions which might in any way affect the title of the Lessor or the Permitted Assignee or result in a lien or security interest upon any such Unit and will supply the Lessor with a receipt or other evidence of such payment satisfactory to the Lessor; provided, however, that the Lessee shall be under no obligation to pay any such impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the non-payment thereof does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder or under the Trust Declaration and the Lessee shall have furnished the Lessor with an opinion of counsel to such effect. If any such impositions shall have been charged or levied against the Lessor, or the Permitted Assignee, the Lessee shall reimburse the Lessor or the Permitted Assignee, as the case may be, on presentation of invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor or the Permitted Assignee for any imposition so paid unless the Lessor or the Permitted Assignee shall have been in the opinion of their respective counsel legally liable with respect thereto, or unless the Lessee shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual Units, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Permitted Assignee in such Units, if such is necessary or appropriate, or will notify the Lessor of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this paragraph 5, such

liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

6. Payment for Casualty Occurrences. In the event that any Unit shall be or become worn out, lost, stolen, completely destroyed or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, or until such Unit shall have been returned to the Lessor in the manner provided in paragraph 12 hereof, the Lessee shall, as soon as reasonably possible after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor with respect thereto and shall, in any event, within the then current taxation year of the Permitted Assignee either (i) replace such Unit with another unit of railway equipment of the same or similar type and value or (ii) with the prior written consent of the Permitted Assignee and of the holders of not less than 66-2/3% in principal amount of the then issued and outstanding Loan Certificates hereinbefore referred to, replace such Unit with other railway equipment of like value accepted to the Permitted Assignee and such holders and thereupon such other unit of railway equipment shall be and become part of the Equipment hereunder and be subject to all the terms and provisions hereof and in such event no rental payable hereunder shall abate, or (iii) prior to the expiry of such period, pay to the Lessor an amount equal to the accrued unpaid rental for such Unit to the date of such payment plus a sum equal to the Stipulated Loss Value (as hereinafter defined) of such Unit as of the date of such payment. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment and the term of this Lease as to such Unit shall terminate. The Lessor shall, upon request of the Lessee, after payment by the Lessee of a sum equal to the Stipulated Loss Value of any Unit, deliver to or upon the order of the Lessee a bill of sale (without warranties) for such Unit or for any Unit abandoned pursuant to paragraph 12 hereof, executed by the Lessor and the Permitted Assignee and such other or others as may be required in order to transfer to the Lessee (or its nominee) such title to such Unit as is derived by the Lessor from the Manufacturer, free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Permitted Assignee.

The Stipulated Loss Value of each Unit during each six month period during the Original Term of the Lease and during the periods of the First Renewal Option and the Second Renewal Option shall be that percentage of the Unit cost thereof stipulated in Schedule "A" hereto, that is set

forth in the following schedule:

STIPULATED LOSS VALUES DURING ORIGINAL TERM

<u>Year</u>	<u>Factor</u>	
	<u>January 1 to June 30</u>	<u>July 1 to December 31</u>
1971	-----	109.65
1972	109.65	111.60
1973	113.37	114.12
1974	114.70	114.42
1975	114.00	112.87
1976	111.58	109.70
1977	107.67	105.14
1978	102.45	99.32
1979	96.06	92.40
1980	88.59	84.43
1981	80.11	75.49
1982	70.70	65.60
1983	60.35	54.81
1984	49.10	43.10
1985	36.92	30.49
1986	23.83	16.92
1987	12.00	12.00

STIPULATED LOSS VALUE DURING PERIODS OF FIRST  
RENEWAL OPTION AND SECOND RENEWAL OPTION

Factor

12.00 or fair market value as calculated in accordance with paragraph 21 hereof, whichever is the lesser.

Except as hereinabove in this paragraph 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder. The Lessor represents that the taxation year of the Permitted Assignee ends on December 31 and will use its best efforts to inform itself of any change in such taxation year and will forthwith notify the Lessee of any such change of which it becomes aware.

7. Annual Reports. On or before April 1 in each year, commencing with the year 1972, the Lessee will furnish to the Lessor in such number of counterparts or copies as may reasonably be requested, an accurate statement signed by its authorized representative (i) showing, as of the preceding December 31, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the



date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the markings required by paragraph 4 hereof and paragraph 1 of the Manufacturing Agreement have been preserved or replaced. The Lessor shall have the right, by its agents, but shall be under no obligation, to inspect the Units and the records of the Lessee with respect thereto at any reasonable time during the continuance of this Lease.

8. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. (a) Neither the Lessor nor the Permitted Assignee makes any warranty or representation, either express or implied, as to the design, compliance with specifications or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Units delivered to the Lessee hereunder, and neither the Lessor nor the Permitted Assignee makes any warranty of merchantability or fitness of the Units for any particular purpose, it being agreed that all such risks, as between the Lessor or the Permitted Assignee and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the Manufacturer or the manufacturer of the components of the Units. Neither the Lessor nor the Permitted Assignee shall have any responsibility or liability under this Lease to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor and the Permitted Assignee that all Units described in the Schedule relating thereto are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Permitted Assignee based on any of the foregoing matters.

(b) The Lessor represents and warrants as follows:

(i) At the time of delivery of each Unit under this Lease, the Lessor shall have such title to such Unit as is derived from the Manufacturer, unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances which may result from claims against the Lessor not arising out of the ownership thereof which will prevent the performance of this Lease in accordance with its terms; and

(ii) So long as the Lessee shall not be in default under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease.

(c) The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease; provided, however, that this Lease shall be subordinated to the rights of the Lessor under the Trust Declaration but the Lessor shall not have the right to terminate or impair the Lessee's possession or use of the property subject to this Lease so long as the Lessee shall not be in default under this Lease; and, subject to the foregoing, covenants that the Lessor has not done and will not do (or suffer to be done by any person claiming through or against the Lessor) any act which interferes with or impairs the Lessee's possession and use in accordance with the terms of this Lease of the Units or the title to the Units which may be transferred or conveyed to the Lessee under the provisions of paragraphs 6 and 21 of this Lease and that any title so conveyed shall then be free of any lien, claim, security interest or other encumbrance by or in favour of any person claiming by, through or under the Lessor.

(d) The Lessee agrees, for the benefit of the Lessor and the Permitted Assignee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to the Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of any legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Permitted Assignee and agrees to hold the Lessor and the Permitted Assignee harmless from and against

any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, or its employees, or any other person. In the event that such laws or rules require the alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, at its own expense, to make such alterations, changes, additions and replacements and to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor or the Permitted Assignee hereunder or under the Trust Declaration.

(e) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, reasonable wear and tear excepted.

(f) Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit except such as can be removed without damage to and without impairing the originally intended function or use of such Unit (including, without limitation, stakes installed on such Unit) and, without cost or expense to the Lessor, there shall be immediately vested in the Lessor the same interest in such accessions as the interests of the Lessor in such Unit. The Lessee may make alteration or modifications in any Unit so long as it does not affect the value of such Unit adversely.

(g) The Lessee agrees to indemnify and save harmless the Lessor and the Permitted Assignee against any charge or claim made against the Lessor or the Permitted Assignee and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor or the Permitted Assignee may incur in any manner by reason of entering into or performing this Lease or the Manufacturing Agreement or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee, whichever is later, and to indemnify and save harmless the Lessor and the Permitted Assignee against any charge, claim, expense, loss or liability on account of any accident

in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor or the Permitted Assignee under this paragraph for negligence on the part of the Lessor or the Permitted Assignee. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this paragraph in respect of any charge, claim, expense, loss or liability attributable to a Unit which shall have been returned to the Lessor pursuant to paragraphs 10 or 12 hereof or after this Lease with respect to such Unit has otherwise terminated, provided that such charge, claim, expense, loss or liability is attributable to an event occurring after such Unit was so returned or this Lease with respect to such Unit terminated, and provided, further, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or this Lease with respect to such Unit terminated.

(h) The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor and the Permitted Assignee) any and all reports known by the Lessee to be required to be filed by the Lessor or the Permitted Assignee, or requested by the Lessor or the Permitted Assignee to be filed, with any federal, provincial or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing of the Units to the Lessee.

9. Default. If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

(a) default shall be made in the payment of any part of the rental provided in paragraph 2 hereof and such default shall continue for ten (10) days; or

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any unauthorized sublease of the Units, or any thereof; or

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue (and the Lessee shall not make effective provisions for curing such default) for thirty (30) days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be

remedied; or

(d) any proceedings shall be commenced by or against the Lessee by way of a scheme of arrangement under the Railway Act, R.S.C. 1970, c. R-2 or for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such effectiveness shall continue), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to the Lessee terminate this Lease; whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period), together with: (A) as liquidated damages for loss of the bargain and not as a penalty, a sum with respect to each Unit, which represents the excess of: the present value at the time of such termination of the entire unpaid balance of

then at any time after the occurrence of such an event of default the Vendor may, subject to the provisions of paragraph 11 hereof:

(i) upon written notice to the Purchaser and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire unpaid Balance of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid Balance of such Purchase Price and such interest shall bear interest from the date of such declaration at the rate of 7% per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid Balance of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Purchaser.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default by notice to the Purchaser in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Purchaser that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon; or

(ii) at any time during a Declaration of Default, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor, with or without the retaking of possession thereof, at its election may sell the Equipment, or any Unit thereof, free from any and all claims of the Purchaser, or of any other party claiming by, through or under the Purchaser, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if prior to such sale or prior to the making of a contract for such sale, the Purchaser should tender full payment of the entire indebtedness in respect of the Balance of the Purchase Price of the Equipment, together with interest thereon accrued

and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Equipment for disposition and arrangement for the sale and the Vendor's reasonable legal fees and disbursements, then in such event absolute right to the possession of (subject to the Lease and any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser. The proceeds of such sale, or of any lease or other disposition of the Equipment as provided hereunder, less reasonable legal fees and disbursements and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; provided, however, that the Purchaser shall be given written notice of such sale as provided hereinabove. The Vendor may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale without accountability to the Purchaser (except to the extent of surplus money received as hereinafter provided in this paragraph), and in payment of the Purchase Price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Purchaser hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

All sums of money realized by the Vendor under the remedies herein provided shall be applied (i) to the payment of the expenses and liabilities of the Vendor herein undertaken to be paid; (ii) to the payment of interest including interest on overdue interest on the unpaid Balance of the Purchase Price of the Equipment accrued and unpaid and (iii) to the payment of the unpaid Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions of this Agreement, the Purchaser shall pay the amount of such deficiency to the Vendor upon demand, and, if the Purchaser shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Purchaser. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Purchaser.

The Purchaser shall pay all reasonable expenses, including reasonable legal fees and disbursements incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable legal fees and disbursements, and the amount thereof shall be included in such judgment.

The foregoing provisions of this paragraph are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

11. WAIVER OF DEFAULT; SUBSTITUTED LEASE. Notwithstanding the provisions of paragraph 10 hereof, if in the event of any such default the Vendor shall have retaken possession of the Units of Equipment, the Purchaser shall have the right (so long as the Vendor shall not, in the exercise of its powers under this Agreement, theretofore have sold such Units or any thereof) to give notice to the Vendor and the holders of Loan Certificates under the Trust Declaration of a proposed new lessee which shall have entered into a commitment with the Purchaser (subject to the approval of the holders of Loan Certificates hereinafter provided for) to lease from the Vendor for a term not less than the balance of the original term of the Lease (and on terms and conditions substantially similar to the terms and conditions of the Lease to be in effect during such original term) such Units. Each such notice shall be accompanied by a copy (in substantially final form) of the proposed new lease (hereinafter called the "Substituted Lease").



Upon receipt of such notice by it, the Vendor shall thereupon suspend for a period of sixty (60) days any action then taken or contemplated by it for the sale or other disposition of the Units of which it shall have retaken possession and if within such sixty (60) day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Vendor in writing of their consent to the Substituted Lease, the Vendor shall execute and deliver upon the written request of the Purchaser, all such documents as it is advised by Counsel are necessary and requisite for the purposes of the Substituted Lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the respective maturities thereof not been accelerated under the provisions of the Trust Declaration, there shall no longer be any default under this Agreement and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Vendor may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the acceleration of the unpaid Balance of the Purchase Price.

12. APPLICABLE LAWS. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law of any jurisdiction may be waived, they are hereby waived by the Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

13. EXTENSION NOT A WAIVER. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the Vendor's rights or the obligations of the Purchaser hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Purchaser's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

14. RECORDING. Prior to the delivery and acceptance of any Unit of the Equipment, the Purchaser may cause this Agreement and any supplements hereto in each case (i) to be filed, registered, recorded or deposited and refiled, re-registered, rerecorded or redeposited, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette) in accordance with Section 86 of the Railway Act of Canada (1970-RSC), and (iii) to be filed in the office of the Minister of Financial and Commer-

cial Affairs of the Province of Ontario, Canada. The Purchaser will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in the United States and the Province of Ontario, Canada, to the satisfaction of the Vendor and its counsel, of its title to and ownership of the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Purchaser will promptly furnish to the Vendor evidences of such filing, registering, depositing or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

15. NOTICE. Any notice hereunder to any party designated below shall be deemed to be properly serve if delivered or mailed to it at its chief place of business at the following specified addresses:

- (a) the Purchaser: 625 Church Street,  
Toronto 5, Ontario.
- (b) the Vendor: 366 Bay Street,  
Toronto 105, Ontario.

Attention: General Manager

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

16. EFFECT AND MODIFICATION OF AGREEMENT. This Agreement and the Schedules hereto exclusively and completely state the rights and agreements of the Vendor and the Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Purchaser.

17. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces and Territories thereof and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

18. PURCHASE SUPPLEMENT. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease or upon the delivery of any Substituted Equipment, the Vendor and the Purchaser shall execute a Purchase Supplement making any Unit described in such Lease Schedule or such Substituted Equipment, as the case may be, subject to the terms and conditions of this Agreement.

19. REMUNERATION AND EXPENSES OF TRUSTEE UNDER TRUST DECLARATION. The Purchaser will pay to the Vendor as Trustee under the Trust Declaration from time to time reasonable remuneration for its services thereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts thereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), both before any default thereunder and thereafter until all duties of the Trustee under the trusts thereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or bad faith.

20. PURCHASER'S SUCCESSORS. Any corporation into which the Purchaser may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Purchaser shall be a party, or any corporation to which the undertaking and assets of the Purchaser shall have been transferred as an entirety or substantially as an entirety, shall be the successor of the Purchaser hereunder, without th execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary notwithstanding.

21. This Agreement shall subject to the provisions hereof, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

22. EXECUTION. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of December 31st, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their officers or officials thereunto duly authorized, and their respective corporate seals to be hereunto affixed

and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

"R.L. Armstrong"  
Authorized signature

C.S.

"E.B. Toller"  
Authorized signature

TRADERS GROUP LIMITED

"J.C. Brain"  
Senior Vice-President

C.S.

"G.E. Whitley"  
Secretary

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971.	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-28,600 -549	Hamilton, Ontario	December 1971 to March 1972

Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

18.       Execution.     Although this Lease is dated as of December 31, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

19.       Law Governing.     The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded or deposited or in which any Unit may be located.

20.       Security Deposit.     The Lessee shall pay to the Lessor upon the execution hereof, an amount which shall be equal to 4.8991% of the Aggregate Cost of the Equipment as stipulated in Schedule "A" annexed hereto (which amount is hereinafter called the "Original Deposit") provided, however, that in the event that less than all of the Units shall have been subsequently delivered and accepted by the Lessee on or before the Final Delivery Date (which undelivered and unaccepted Units are hereinafter called the "Excluded Units") then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date refund to the Lessee such portion of the Original Deposit paid by the Lessee to the Lessor upon the execution hereof which shall be equal to the difference between: (i) the Original Deposit and (ii) an amount equal to one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a)(ii) hereof respecting the Units of Equipment which have become subject to and governed by the provisions of this Lease pursuant to the provisions of paragraph 1 hereof. In the event that

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the amount of one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a)(ii) hereof (hereinafter called the "Actual Rent") shall be less than the amount of the Original Deposit, then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date, refund to the Lessee such portion of the Original Deposit which shall be equal to the difference between: (i) the Original Deposit, and (ii) the Actual Rent, provided however, that notwithstanding anything hereinbefore contained and for the purpose of determining the amount of any such refund, the Purchase Price of each of such Units (as defined in paragraph 3 of the Manufacturing Agreement) shall in no event be less than an amount equal to the Unit Cost of each such Unit (as stipulated in Schedule "A" annexed hereto) less 2.5% thereof. In the further event that the amount of the Actual Rent shall be greater than the amount of the Original Deposit, then the Lessee shall within fifteen (15) days subsequent to the Final Delivery Date pay such additional amount which shall be added to and form part of the Original Deposit as shall be required in order that the aggregate amount of the Original Deposit be equal to the amount of the Actual Rent. The portion of the Original Deposit remaining after deduction of the amount of any such refund therefrom is hereinafter called the "Remaining Deposit". The Original Deposit or the Remaining Deposit, as the case may be, shall be retained by the Lessor until the Lessee shall have fully satisfied all its obligations under this Lease and as security to be applied by and at the option of the Lessor to the payment and/or performance of any obligations of the Lessee hereunder. The Original Deposit or the Remaining Deposit, as the case may be, shall not excuse the performance at the time and in the manner prescribed herein of any obligations of the Lessee or prevent default thereof and any of the Original Deposit or the Remaining Deposit, as the case may be, not so applied will be returned to the Lessee after the termination of this Lease, provided, however, that the Lessee may by written notice to the Lessor prior to the due date of the last rental payment as more particularly provided in paragraph 2 hereof direct the Lessor to apply the Original Deposit or the Remaining Deposit, as the case may be, on account of such last rental payment.

21. Purchase Option; First Renewal Option. Provided this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect to purchase all but not less than all of the Units then subject to this Lease at the expiration date of the Original Term of this Lease or at the expiration date of the First Renewal Option Period (the Lessee having duly exercised the First Renewal Option) or at the expiration date of the Second Renewal Option Period (the Lessee having duly exercised the Second Renewal Option) for a purchase price equal to the average of the determinations by the three independent appraisers (hereinafter referred to as the "Fair Market Value") of such Units as of the expiration date of the Original Term or the expira-

tion date of the First Renewal Option Period or the expiration date of the Second Renewal Option Period, as the case may be. Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Such right to purchase shall be exercised by the Lessee by giving to the Lessor and Permitted Assignee written notice of its intention to exercise such right not less than seven (7) months prior to the expiration date of the Original Term, the First Renewal Option Period or the Second Renewal Option Period, as the case may be. Fair Market Value of the Units shall be determined in accordance with the foregoing definition by each of three independent appraisers, one of whom shall be selected by the Permitted Assignee, the second by the Lessee and the third designated by the first two so selected. The appointment of all such appraisers shall be made not less than six months prior to the expiration date of the Original Term or of the First Renewal Option Period or of the Second Renewal Option Period, as the case may be.

Each Appraiser shall be instructed to proceed to make such determination within a period of thirty (30) days following appointment, and shall promptly communicate such determination in writing to the Permitted Assignee and the Lessee. The determinations so made shall be conclusively binding upon the Lessor, the Permitted Assignee and the Lessee. The expenses and fee of the Appraisers shall be borne equally by the Lessee and the Permitted Assignee. Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties in form and substance as more particularly provided in paragraph 6 hereof) for such Unit.

In the event that the Lessee shall not elect to so purchase all of the Units then subject to the Lease at the end of the Original Term, then the Lessee shall have the further right (hereinafter called the "First Renewal Option") to extend the term of the Lease for a further period of five (5) years from and after expiration of the Original Term (hereinafter called the "First Renewal Option Period") as to any one or more of the Units as shall be specified by the Lessee which the Lessee shall not have elected to purchase in accordance with the provisions hereof, at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined above and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained



in this Lease save that there shall be no further or other right to extend the term hereof except as more particularly provided in paragraph 22 hereof. Such right shall be exercised by the Lessee by giving to the Permitted Assignee written notice of its intention to exercise such right not less than 120 days prior to the expiration of the Original Term.

22. Second Renewal Option. Provided that the Lessee shall not have previously purchased all of the Units under the provisions of paragraph 21 hereof, and provided further that the Lessee shall have elected to exercise the First Renewal Option and shall have paid all sums then due and payable to the Permitted Assignee and be not then otherwise in default under this Lease, then the Lessee shall have the right (hereinafter called the "Second Renewal Option") upon the expiration of the First Renewal Option Period to further extend the term of this Lease for an additional period of five (5) years (hereinafter called the "Second Renewal Option Period") at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined in accordance with the provisions of paragraph 22 hereof and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained in this Lease save that there shall be no further right to extend the term hereof. Such right shall be exercised by the Lessee giving to the Permitted Assignee written notice of its intention to exercise such right not less than one hundred and twenty (120) days prior to the expiration of the First Renewal Option Period.

23. Indemnity Respecting Tax Matters

(a) Subject as hereinafter provided, if, subsequent to the Permitted Assignment, the Permitted Assignee shall not, due to a change in the Income Tax Act (Canada) and/or the Income or Corporate Tax Acts of any province (such Federal and Provincial Income Tax Acts being hereinafter collectively referred to as the "said Income Tax Act") or the Regulations made pursuant thereto, be entitled to claim capital cost allowance under the provisions of the said Income Tax Act and the said Regulations in whole or in part at a rate equivalent to or better than twenty per cent (20%) (which is the rate in respect of the Units at the date hereof) or, due to such change, there shall be disallowed with respect to the Permitted Assignee all or any portion of its claim for such capital cost allowance during the period that this Lease is in effect, then the rental rate applicable to the Units set forth in paragraph 2(a) hereof shall on and after the next succeeding rental payment date after written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer, due to such change, entitled to claim such capital cost allowance or if claimed and then disallowed then on the next succeeding rental payment date after payment of the tax attributable thereto (which tax shall be reimbursed to the Permitted

Assignee by the Lessee as additional rental on the next succeeding rental payment date), be increased by such amount over the balance of the term of the Lease, which in the reasonable opinion of the Permitted Assignee will cause the Permitted Assignee's net return in respect of the Units under this Lease to equal the net return that would have been available if the Permitted Assignee had been entitled to claim capital cost allowance at a rate of twenty per cent (20%).

(b) Provided, however, that if subsequent to the Permitted Assignment as a result of the occurrence of any of the following events, namely:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor or the Permitted Assignee the amounts stipulated under paragraph 6 hereof; or

(ii) the failure of the Permitted Assignee to claim such capital cost allowance in its income tax return for the appropriate year or the failure of the Permitted Assignee to follow proper procedure in claiming such capital cost allowance; or

(iii) a voluntary transfer by the Permitted Assignee to all or part of the legal title to such Unit, the disposition by the Permitted Assignee of any interest in such Unit or the reduction by the Permitted Assignee of its interest in the rentals from such Unit under the Lease (other than as contemplated by the Permitted Assignment) unless, in each case, an event of default shall have occurred and be continuing; or

(iv) the failure of the Permitted Assignee to have sufficient income to benefit from the deduction of such capital cost allowance; or

(v) the amendment of either the Conditional Sale Agreement or the Permitted Assignment without the prior written consent of the Lessee which consent shall not be unreasonably withheld,

the Permitted Assignee shall have lost or shall not have or shall have lost the right to claim or there shall have been disallowed with respect to the Permitted Assignee all or any portion of such capital cost allowance with respect to any Unit, then the rental rate shall not be increased as provided in (a) hereof.

(c) Provided further, notwithstanding the foregoing, any change occurring in the said Income Tax Act or the Regulations made pursuant thereto, the result of which shall be that the Permitted Assignee shall not be entitled to apply or claim such capital cost allowance in respect of

any Unit as a deduction in computing its taxable income from sources other than under this Lease, shall not require the adjustment in the rental rate as provided in (a) hereof unless such change shall occur in the first five and one-half years of the term of this Lease and if any such change does occur within the first five and one-half years of the term of this Lease, the rental rate as provided in (a) hereof shall not apply and the rental rate applicable to such Unit as more particularly set forth in this Lease shall on and after the next succeeding rental payment date after which written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer entitled to so claim such capital cost allowance, be increased by such amount for such Unit which in the reasonable opinion of the Permitted Assignee will be equal to the discounted then present value of the additional tax payable by the Permitted Assignee resulting from such change.

(d) If in the opinion of the Permitted Assignee's or the Lessee's tax counsel (hereinafter called "Counsel") a bona fide claim to all or a portion of such capital cost allowance on any Unit exists in respect of which the Lessee is required to pay any such increased rental to the Permitted Assignee as provided above, then the Permitted Assignee shall at the request and expense of the Lessee take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Permitted Assignee may take such action prior to making payment of the amounts claimed pursuant to any notice of assessment or reassessment or may make such payment and then seek a refund. The Permitted Assignee shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Permitted Assignee for all liabilities and expenses which may be entailed therein and shall have furnished the Permitted Assignee with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this paragraph shall survive the expiration or other termination of this Lease.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the Canadian registered mails, first-class postage prepaid, addressed as follows:

If to the Lessor, 366 Bay Street, Toronto, Ontario  
(with copy to Permitted Assignee at 625 Church  
Street, Toronto, Ontario).

If to the Lessee, P. O. Box 8100, Montreal 101,  
Quebec, Canada, attention of the Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

25. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

26. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, shareholder, director or officer, past, present or future, of the Lessor or the Lessee or the Permitted Assignee or against any beneficiaries in respect of which the Lessor may be acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of any such incorporators, shareholders, directors, officers or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF the Lessor and the Lessee, each pursuant to due corporate authority, have caused this instrument to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

By R. L. Armstrong  
Authorized signature

C.S.

E. B. Toller  
Authorized signature

Approved  
as to form only

CANADIAN NATIONAL RAILWAY COMPANY

D.B.  
Attorney

By E. T. Hurley  
Vice President

C.S.

J. M. Young  
Deputy Secretary

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-286000-549	Hamilton, Ontario	December 1971 to March 1972

SCHEDULE "B"

EQUIPMENT LEASE - SCHEDULE NO.

Dated the            day of            , 1971 to  
Lease dated as of the            day of December,  
1971 ("Lease") between GUARANTY TRUST  
COMPANY OF CANADA as Trustee ("Lessor")  
and CANADIAN NATIONAL RAILWAY COMPANY  
("Lessee")

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1. The terms used herein shall have the meaning given to such terms in the Lease in accordance with the terms thereof.
2. The Lessor and the Lessee hereby confirm that the Units of Equipment described in Schedule "A" annexed hereto and forming part hereof have been delivered to, examined and accepted by the Lessee on the date hereof as Units Leased under the Lease and are accordingly subject to and governed thereby and that the term of the Lease with respect thereto shall commence on the date hereof.
3. The Lessee does hereby acknowledge and confirm that the said Units of Equipment have been examined by duly appointed and authorized employees or representatives of the Lessee and that such examination discloses that same conform to the Specifications more particularly defined in the Manufacturing Agreement and are in good operating order, repair, condition and appearance on the date hereof.
4. The Lessee does hereby certify that at the time of such delivery of the Units to the Lessee there was plainly, permanently and conspicuously stencilled on each side thereof the following legend in letters not less than three-eighths inch in height:

"Owned and leased by Guaranty Trust Company of  
Canada, 366 Bay Street, Toronto, Canada, as  
Trustee under the terms of an Equipment Loan  
Trust Declaration."

Approved and agreed to this            day of            , 1971  
as a Schedule to and part of the Lease made between the  
parties hereto as of the            day of December, 1971.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

CANADIAN NATIONAL RAILWAY  
COMPANY

By:

By:

SCHEDULE "A" TO EQUIPMENT LEASE  
SCHEDULE NO.

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<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS</u>	<u>MANUFACTURERS</u>	<u>IDENTIFYING NUMBERS</u>
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PROVINCE OF ONTARIO )  
                                  )  
CITY OF TORONTO        )

On this 31st day of December, 1971, before me personally appeared R. L. Armstrong, to me personally known, who, being by me duly sworn, says that he is General Manager of GUARANTY TRUST COMPANY OF CANADA, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Rupert F. Righton  
Notary Public

(Notarial Seal)

PROVINCE OF QUEBEC )  
                                  )  
CITY OF MONTREAL     )

On this            day of December, 1971, before me personally appeared E. T. Hurley, to me personally known, who, being by me duly sworn, says that he is Vice President of CANADIAN NATIONAL RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

L. Langelier  
Notary Public

(Notarial Seal)

My Commission is for life.





SCHEDULE 4

CONDITIONAL SALE AGREEMENT made as of the 31st day of December, 1971.

B E T W E E N:

GUARANTY TRUST COMPANY OF CANADA,  
a corporation duly incorporated  
under the laws of Canada, as  
Trustee under an Equipment Loan  
Trust Declaration executed on  
December 31, 1971,

(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

TRADERS GROUP LIMITED, a corpora-  
tion duly incorporated under the  
laws of Canada,

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS pursuant to an Agreement made as of the 31st day of December, 1971, between National Steel Car Corporation Limited, the Vendor, and Canadian National Railway Company (which Agreement is hereinafter called the "Manufacturing Agreement"), National Steel Car Corporation Limited (hereinafter called the "Manufacturer") agreed to construct, sell and deliver to the Vendor and the Vendor agreed to purchase certain railroad equipment more particularly described in Schedule "A" annexed thereto (hereinafter collectively called the "Equipment") and which Equipment is also more particularly described in Schedule "A" annexed hereto, all upon and subject to the terms and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manufacturing Agreement, title to each unit of Equipment (hereinafter sometimes collectively called "Units" and individually called "Unit") is to be vested in the Vendor as trustee upon the trusts set forth in a certain Equipment Loan Trust Declaration executed on December 31, 1971, (hereinafter called the "Trust Declaration") in favour of the holders of the Loan Certificates as more particularly defined in the Trust Declaration;

AND WHEREAS the Vendor has entered into a Lease of the Equipment dated as of the 31st day of December, 1971

(hereinafter called "the Lease") as Lessor with Canadian National Railway Company (hereinafter called the "Lessee") as Lessee;

AND WHEREAS pursuant to the provisions of an Indenture of Assignment made as of the 31st day of December, 1971 between the Vendor and the Purchaser (hereinafter called the "Rent Assignment"), the Vendor as Lessor under the Lease is contemporaneously herewith assigning to the Purchaser, subject to the rights of the holders of Loan Certificates as more particularly defined in the Trust Declaration, certain of its rights as Lessor under the Lease including the right to receive and collect all rents and other moneys payable to or receivable by the Vendor under or pursuant to the provisions of the Lease and of any Substituted Lease as more particularly referred to in Section 6.03 of the Trust Declaration and in paragraph 11 hereof (hereinafter called the "Substituted Lease") (other than payments resulting from a Casualty Occurrence as more particularly provided in paragraph 6 of the Lease);

AND WHEREAS the Vendor has agreed to sell and the Purchaser has agreed to purchase and pay for the Equipment, subject to the terms and conditions set forth herein, upon the delivery thereof under the Manufacturing Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. SALE AND DELIVERY. The Vendor agrees to sell and the Purchaser agrees to purchase and pay for the Equipment (as hereinafter provided) subject, however, to the Lease and to any Substituted Lease and to the rights of the holders of Loan Certificates under the provisions of the Trust Declaration, which Equipment shall be constructed and delivered in accordance with and subject to the provisions of the Manufacturing Agreement.

2. EXCLUSION OF UNITS OF EQUIPMENT. Any Unit of the Equipment not delivered and accepted prior to March 25, 1972 pursuant to the provisions of the Manufacturing Agreement or any Unit which prior to March 25, 1972 shall have suffered a Casualty Occurrence and shall not have been replaced in accordance with the provisions of paragraph 6 of the Lease or the equivalent provisions of any Substituted Lease, shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. Any such units so excluded are hereinafter called the "Excluded Units".

3. BASE PRICE. The base price of each unit of the Equipment (hereinafter called "a Unit of Equipment" or a "Unit") inclusive of Federal Sales Taxes stated in Canadian dollars is set forth in Schedule "A" annexed hereto and is therein and hereinafter called the "Unit Cost".

4. PURCHASE PRICE. The purchase price of the Equipment (hereinafter called the "Purchase Price") shall be an amount which is equal to the aggregate of:

- (a) an amount equal to 20% of the Aggregate Cost of the Equipment specified in Schedule "A" annexed hereto subject to such decrease as shall result from the deduction therefrom of the Unit Cost of the Excluded Units, if any, and to such other increase or decrease in accordance with the Manufacturing Agreement, which amount, subject to adjustment as aforesaid, is hereinafter called the "Down Payment"; and
- (b) an amount equal to the aggregate principal amount of 7% Short Term Equipment Loan Certificates issued by the Vendor as Trustee under the provisions of the Trust Declaration or of such other Equipment Loan Certificates as may be issued by the Vendor as trustee under the provisions of the Trust Declaration and any amendments thereto for the purpose of retiring and replacing the said 7% Short Term Equipment Loan Certificates, in neither case to exceed in aggregate principal amount the sum of \$12,400,000 (hereinafter called the 'Balance of the Purchase Price').

5. RENTAL ASSIGNMENT. The Purchaser hereby irrevocably appoints the Vendor and its successors as trustee under the Trust Declaration as its agent to receive all rents and payments receivable by or payable to the Vendor as Lessor under the Lease or any Substituted Lease which were duly assigned to the Purchaser under the Rent Assignment.

6. PAYMENT OF PURCHASE PRICE. The Purchaser hereby acknowledges itself to be indebted to the Vendor in the amount of and hereby promises to pay to or to the order of the Vendor at such place as the Vendor may designate, the Purchase Price, in the following manner:

- (a) on each "Closing Date" with respect to each "Group of the Equipment", all as more particularly defined and determined under and subject to the provisions of the Manufacturing Agreement, an amount equal to 20% of the Unit Cost of each Unit comprised in such Group of Equipment increased or decreased in accordance with the Manufacturing Agreement which in the aggregate shall not exceed the Down Payment; and

- (b) with respect to the payment by the Purchaser to the Vendor of the Balance of the Purchase Price, the Vendor is hereby authorized and directed to retain and apply the rents together with interest on overdue rent received under the Rent Assignment upon the date of the receipt thereof by the Vendor from the Lessee from time to time under the provisions of paragraph 2 of the Lease or the equivalent provisions of any Substituted Lease, on account of the payment of the Balance of the Purchase Price together with interest thereon and interest on overdue interest thereon until the entire principal amount of the Balance of the purchase price has been paid, it being agreed that the Purchaser shall not have any right to prepay any portion of the Balance of the Purchase Price.

It is agreed that the Obligation of the Purchaser to pay to the Vendor any amount of the Down Payment on a Closing Date as hereinbefore provided in this paragraph with respect to any Group of Equipment, is specifically subject to the contemporaneous fulfillment of the following conditions:

- (a) the Vendor shall have paid or caused to have been paid to the Manufacturer an amount equal to 80% of the Aggregate Cost of such Group of Equipment, increased or decreased in accordance with the Manufacturing Agreement;
- (b) the Lessee shall have paid or caused to be paid to the Manufacturer such amount of the Purchase Price for such Group of Equipment (as more particularly defined in the Manufacturing Agreement) as shall be in excess of the Aggregate Cost thereof, as increased in accordance with the Manufacturing Agreement;
- (c) the delivery to the Purchaser of a duplicate copy of the acknowledgment of the Manufacturer of receipt of the entire Purchase Price for such Group of Equipment and of the Certificate of Acceptance, invoice, bill of sale and opinion of Counsel for the Manufacturer relating thereto provided for in the Manufacturing Agreement;
- (d) the delivery to the Purchaser by the Lessee of the opinion required by paragraph 13 of the Lease;

- (e) the delivery to the Purchaser of a copy of an opinion or opinions of Counsel to the effect that the Lease and Trust Declaration have been duly deposited in the Office of the Registrar General of Canada and duly filed and recorded with the Interstate Commerce Commission of the United States of America.

7. TITLE TO THE EQUIPMENT. The Vendor shall and does hereby retain title to and ownership of the Equipment until the Purchaser shall have made payment of the Purchase Price hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Purchaser or the Lessee as herein provided. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof shall constitute accessions to the Equipment (except such as can be removed without damage to and without impairing the originally intended function or use of the Equipment, including, without limitation, stakes which have been added to the Equipment by the Lessee), and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in paragraph 8 hereof, when and only when the Vendor shall have been paid the full amount of the Purchase Price of all the Equipment and all the Purchaser's obligations herein contained shall have been performed, absolute right to the possession of (subject to the Lease or any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Purchaser, will execute appropriate instruments confirming such passage to the Purchaser of title to and ownership of the Equipment free of all liens, security interests and other encumbrances including those created or retained hereby or by the Trust Declaration and deliver such instruments to the Purchaser at its address specified in paragraph 15 hereof and will execute in the same manner and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Purchaser to the Equipment, and will pay to the Purchaser such remaining portion, if any, of the moneys paid to or received by the Vendor pursuant to the provisions of the Trust Declaration to which the Purchaser is entitled as more particularly provided therein.

8. CASUALTY OCCURRENCES. In the event of a Casualty Occurrence as more particularly defined in paragraph 6 of the

Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) with respect to any Unit of the Equipment during the term thereof or until such Unit shall have been returned in the manner provided in paragraph 12 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) any Unit of Equipment provided by the Lessee by way of replacement of the Unit subject to the Casualty Occurrence (hereinafter called the "Substituted Equipment") shall thereupon be and become part of the Equipment hereunder and be subject to all of the provisions hereof and the Vendor and the Purchaser shall execute and deliver a Purchase Supplement referred to in paragraph 18 hereof for the purpose of assuring and confirming same. Any payment received by the Vendor from the Lessee pursuant to the provisions of paragraph 6 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) in lieu of the replacement by the Lessee of the Unit subject to the Casualty Occurrence, shall be distributed by the Vendor to the Company in the manner provided in Section 5.03 of the Trust Declaration.

9. ASSIGNMENTS. The Purchaser will not assign or transfer its rights under this Agreement or transfer the right to possession of any Unit of the Equipment unless such assignment is made expressly subject to the Lease or any Substituted Lease and to the rights of the holders of Loan Certificates under the Trust Declaration, and contemporaneously therewith the Purchaser shall have assigned to any assignee or transferee thereof all of its right, title and interest under the Rent Assignment, provided, however, that any such assignments aforesaid shall be subject to the prior written consent of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding, who shall have notified the Vendor and Purchaser in writing of their consent to any such assignments.

10. DEFAULT. In the event that any one or more of the following events of default shall occur and be continuing, namely:

- (a) an Event of Default (as more particularly defined in the Lease) shall occur under the Lease; or
- (b) an event of default under any Substituted Lease subsequently entered into in accordance with Section 6.03 of the Trust Declaration shall occur; or
- (c) the Purchaser shall fail to pay or cause to be paid to the Vendor in full any sum payable by the Purchaser herein and such default shall continue for ten (10) days,

by the hands of two of its Authorized Signing Officers as of March , 1972.

GUARANTY TRUST COMPANY OF CANADA,  
as Trustee

Authorized Signature

C.S.

Authorized Signature

FORM OF REGISTRATION  
(No writing hereof except by the Trustee)

DATE OF REGISTRY	IN WHOSE NAME REGISTERED	PLACE OF REGISTRY	SIGNATURE OF TRUSTEE
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SCHEDULE 1 - PART TWO

to the foregoing First Amended and Restated Equipment Loan Declaration of Trust made as of March , 1972 by Guaranty Trust Company of Canada, as Trustee, being the form of Long Term Loan Certificates due July 5, 1987.

GUARANTY TRUST COMPANY OF CANADA

AS TRUSTEE UNDER A FIRST AMENDED AND RESTATED EQUIPMENT LOAN  
DECLARATION OF TRUST

NO. \$

8.35% CN EQUIPMENT LOAN CERTIFICATE

Due July 5, 1987

SECURED BY A LEASE OF RAILWAY TRANSPORTATION  
EQUIPMENT TO  
CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, GUARANTY TRUST COMPANY OF CANADA, as Trustee (herein in such capacity called the "Trustee") under that certain First Amended and Restated Equipment Loan Declaration of Trust (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay the registered holder hereof, on the 5th day of July, 1987, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$                      in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from March , 1972 or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.35% per annum payable half-yearly in like money at any of the said places at the holder's option on January 5 and July 5 in each year; and, should the Trustee at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money, at any of the said places, at the holder's option, and half-yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Company (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of the Loan Certificates designated as 8.35% CN Long Term Loan Certificates issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration in an aggregate principal amount not to exceed \$12,285,000. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Company referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

This Loan Certificate is also entitled to the benefits of and is subject to redemption through the operation of the sinking fund provided for by the Trust Declaration for the Loan Certificates maturing on July 5, 1987. If this Loan Certificate is called for redemption through the operation of such sinking fund, it shall be redeemable at the principal amount hereof together with interest on such principal amount accrued and unpaid to the date specified for redemption.

The principal of this Loan Certificate may also become or be declared due before regular maturity on the conditions, in the manner, with the effect and at the times set forth in the Trust Declaration.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration, for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada.

This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In the case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Stipulated Loss Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate may become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF, the Trustee has caused this Loan Certificate to be executed under its corporate seal by the hands

of two of its Authorized Signing Officers as of March , 1972.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

Authorized Signature

C. S.

Authorized Signature

FORM OF REGISTRATION  
(No writing hereon except by the Trustee)

DATE OF  
REGISTRY

IN WHOSE NAME  
REGISTERED

PLACE OF  
REGISTRY

SIGNATURE OF  
TRUSTEE

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SCHEDULE 2

to the foregoing First Amended and Restated Equipment Loan Declaration of Trust made as of March , 1972 by Guaranty Trust Company of Canada, as Trustee.

GUARANTY TRUST COMPANY OF CANADA,  
AS TRUSTEE UNDER A FIRST AMENDED AND RESTATED  
EQUIPMENT LOAN DECLARATION OF TRUST

Replacement Short Term Equipment Loan Certificate

Due July 5, 1972.

FOR VALUE RECEIVED, GUARANTY TRUST COMPANY OF CANADA, as Trustee (herein in such capacity called the "Trustee"), under that certain First Amended and Restated Equipment Loan Declaration of Trust (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof on or before the 5th day of July, 1972 on presentation and surrender of this certificate, by way of principal amount, the sum of \$ and to pay interest on the said principal amount at the rate of 7% per annum from the date hereof payable in like money until payment of the principal hereof.

Such amount shall be payable in lawful money of Canada, in any branch in Canada of the Bank of Montreal, at the holder's option.

The payment of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and the holder hereof, by its acceptance of this Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Company (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Certificate or, subject to Section 7.02 of the Trust

Declaration, the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the holder of this Replacement Short Term Equipment Loan Certificate and of the rights of the Trustee and of the holders of the Long Term Loan Certificates and of the Company referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions the holder hereof agrees by its acceptance of this Replacement Short Term Equipment Loan Certificate.

This Replacement Short Term Equipment Loan Certificate is not transferable.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Stipulated Loss Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate may become or be declared due and payable in the manner and with the effect provided in the Trust Declaration.

IN WITNESS WHEREOF the Trustee has caused this Replacement Short Term Equipment Loan Certificate to be executed under its corporate seal by the hands of two of its authorized signing officers as of

GUARANTY TRUST COMPANY OF CANADA,  
as Trustee

Authorized Signature

C.S.

Authorized Signature

FORM OF REGISTRATION  
(No writing hereon except by the Trustee)

IN WHOSE NAME  
REGISTERED

PLACE OF  
REGISTRY

SIGNATURE  
OF TRUSTEE

Upon receipt of such notice by it, the Vendor shall thereupon suspend for a period of sixty (60) days any action then taken or contemplated by it for the sale or other disposition of the Units of which it shall have retaken possession and if within such sixty (60) day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Vendor in writing of their consent to the Substituted Lease, the Vendor shall execute and deliver upon the written request of the Purchaser, all such documents as it is advised by Counsel are necessary and requisite for the purposes of the Substituted Lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the respective maturities thereof not been accelerated under the provisions of the Trust Declaration, there shall no longer be any default under this Agreement and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Vendor may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the acceleration of the unpaid Balance of the Purchase Price.

12. APPLICABLE LAWS. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law of any jurisdiction may be waived, they are hereby waived by the Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

13. EXTENSION NOT A WAIVER. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the Vendor's rights or the obligations of the Purchaser hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Purchaser's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

14. RECORDING. Prior to the delivery and acceptance of any Unit of the Equipment, the Purchaser may cause this Agreement and any supplements hereto in each case (i) to be filed, registered, recorded or deposited and refiled, re-registered, rerecorded or redeposited, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette) in accordance with Section 86 of the Railway Act of Canada (1970-RSC), and (iii) to be filed in the office of the Minister of Financial and Commer-

cial Affairs of the Province of Ontario, Canada. The Purchaser will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in the United States and the Province of Ontario, Canada, to the satisfaction of the Vendor and its counsel, of its title to and ownership of the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Purchaser will promptly furnish to the Vendor evidences of such filing, registering, depositing or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

15. NOTICE. Any notice hereunder to any party designated below shall be deemed to be properly serve if delivered or mailed to it at its chief place of business at the following specified addresses:

- (a) the Purchaser: 625 Church Street,  
Toronto 5, Ontario.
- (b) the Vendor: 366 Bay Street,  
Toronto 105, Ontario.

Attention: General Manager

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

16. EFFECT AND MODIFICATION OF AGREEMENT. This Agreement and the Schedules hereto exclusively and completely state the rights and agreements of the Vendor and the Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Purchaser.

17. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces and Territories thereof and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.



18. PURCHASE SUPPLEMENT. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease or upon the delivery of any Substituted Equipment, the Vendor and the Purchaser shall execute a Purchase Supplement making any Unit described in such Lease Schedule or such Substituted Equipment, as the case may be, subject to the terms and conditions of this Agreement.

19. REMUNERATION AND EXPENSES OF TRUSTEE UNDER TRUST DECLARATION. The Purchaser will pay to the Vendor as Trustee under the Trust Declaration from time to time reasonable remuneration for its services thereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts thereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), both before any default thereunder and thereafter until all duties of the Trustee under the trusts thereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or bad faith.

20. PURCHASER'S SUCCESSORS. Any corporation into which the Purchaser may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Purchaser shall be a party, or any corporation to which the undertaking and assets of the Purchaser shall have been transferred as an entirety or substantially as an entirety, shall be the successor of the Purchaser hereunder, without th execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary notwithstanding.

21. This Agreement shall subject to the provisions hereof, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

22. EXECUTION. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of December 31st, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their officers or officials thereunto duly authorized, and their respective corporate seals to be hereunto affixed

and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

"R.L. Armstrong"  
Authorized signature

C.S.

"E.B. Toller"  
Authorized signature

TRADERS GROUP LIMITED

"J.C. Brain"  
Senior Vice-President

C.S.

"G.E. Whitley"  
Secretary

- 103 -  
SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971.	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-28,600 -549	Hamilton, Ontario	December 1971 to March 1972

Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

18.       Execution.     Although this Lease is dated as of December 31, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

19.       Law Governing.   The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded or deposited or in which any Unit may be located.

20.       Security Deposit.   The Lessee shall pay to the Lessor upon the execution hereof, an amount which shall be equal to 4.8991% of the Aggregate Cost of the Equipment as stipulated in Schedule "A" annexed hereto (which amount is hereinafter called the "Original Deposit") provided, however, that in the event that less than all of the Units shall have been subsequently delivered and accepted by the Lessee on or before the Final Delivery Date (which undelivered and unaccepted Units are hereinafter called the "Excluded Units") then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date refund to the Lessee such portion of the Original Deposit paid by the Lessee to the Lessor upon the execution hereof which shall be equal to the difference between: (i) the Original Deposit and (ii) an amount equal to one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a)(ii) hereof respecting the Units of Equipment which have become subject to and governed by the provisions of this Lease pursuant to the provisions of paragraph 1 hereof. In the event that

federal taxes (other than income taxes payable by the Lessor or the Permitted Assignee in consequence of the receipt of payments provided herein), assessments or license fees (and any charges, fines or penalties of any kind in connection therewith) (hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by, this Lease, the Manufacturing Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Manufacturing Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor or the Permitted Assignee solely by reason of its acquisition and/or ownership thereof and will keep at all times all and every part of such Unit free and clear of all such impositions which might in any way affect the title of the Lessor or the Permitted Assignee or result in a lien or security interest upon any such Unit and will supply the Lessor with a receipt or other evidence of such payment satisfactory to the Lessor; provided, however, that the Lessee shall be under no obligation to pay any such impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the non-payment thereof does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder or under the Trust Declaration and the Lessee shall have furnished the Lessor with an opinion of counsel to such effect. If any such impositions shall have been charged or levied against the Lessor, or the Permitted Assignee, the Lessee shall reimburse the Lessor or the Permitted Assignee, as the case may be, on presentation of invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor or the Permitted Assignee for any imposition so paid unless the Lessor or the Permitted Assignee shall have been in the opinion of their respective counsel legally liable with respect thereto, or unless the Lessee shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual Units, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Permitted Assignee in such Units, if such is necessary or appropriate, or will notify the Lessor of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this paragraph 5, such

liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

6. Payment for Casualty Occurrences. In the event that any Unit shall be or become worn out, lost, stolen, completely destroyed or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, or until such Unit shall have been returned to the Lessor in the manner provided in paragraph 12 hereof, the Lessee shall, as soon as reasonably possible after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor with respect thereto and shall, in any event, within the then current taxation year of the Permitted Assignee either (i) replace such Unit with another unit of railway equipment of the same or similar type and value or (ii) with the prior written consent of the Permitted Assignee and of the holders of not less than 66-2/3% in principal amount of the then issued and outstanding Loan Certificates hereinbefore referred to, replace such Unit with other railway equipment of like value accepted to the Permitted Assignee and such holders and thereupon such other unit of railway equipment shall be and become part of the Equipment hereunder and be subject to all the terms and provisions hereof and in such event no rental payable hereunder shall abate, or (iii) prior to the expiry of such period, pay to the Lessor an amount equal to the accrued unpaid rental for such Unit to the date of such payment plus a sum equal to the Stipulated Loss Value (as hereinafter defined) of such Unit as of the date of such payment. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment and the term of this Lease as to such Unit shall terminate. The Lessor shall, upon request of the Lessee, after payment by the Lessee of a sum equal to the Stipulated Loss Value of any Unit, deliver to or upon the order of the Lessee a bill of sale (without warranties) for such Unit or for any Unit abandoned pursuant to paragraph 12 hereof, executed by the Lessor and the Permitted Assignee and such other or others as may be required in order to transfer to the Lessee (or its nominee) such title to such Unit as is derived by the Lessor from the Manufacturer, free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Permitted Assignee.

The Stipulated Loss Value of each Unit during each six month period during the Original Term of the Lease and during the periods of the First Renewal Option and the Second Renewal Option shall be that percentage of the Unit cost thereof stipulated in Schedule "A" hereto, that is set

forth in the following schedule:

STIPULATED LOSS VALUES DURING ORIGINAL TERM

<u>Year</u>	<u>Factor</u>	
	<u>January 1 to June 30</u>	<u>July 1 to December 31</u>
1971	-----	109.65
1972	109.65	111.60
1973	113.37	114.12
1974	114.70	114.42
1975	114.00	112.87
1976	111.58	109.70
1977	107.67	105.14
1978	102.45	99.32
1979	96.06	92.40
1980	88.59	84.43
1981	80.11	75.49
1982	70.70	65.60
1983	60.35	54.81
1984	49.10	43.10
1985	36.92	30.49
1986	23.83	16.92
1987	12.00	12.00

STIPULATED LOSS VALUE DURING PERIODS OF FIRST  
RENEWAL OPTION AND SECOND RENEWAL OPTION

Factor

12.00 or fair market value as calculated in accordance with paragraph 21 hereof, whichever is the lesser.

Except as hereinabove in this paragraph 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder. The Lessor represents that the taxation year of the Permitted Assignee ends on December 31 and will use its best efforts to inform itself of any change in such taxation year and will forthwith notify the Lessee of any such change of which it becomes aware.

7. Annual Reports. On or before April 1 in each year, commencing with the year 1972, the Lessee will furnish to the Lessor in such number of counterparts or copies as may reasonably be requested, an accurate statement signed by its authorized representative (i) showing, as of the preceding December 31, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the

date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the markings required by paragraph 4 hereof and paragraph 1 of the Manufacturing Agreement have been preserved or replaced. The Lessor shall have the right, by its agents, but shall be under no obligation, to inspect the Units and the records of the Lessee with respect thereto at any reasonable time during the continuance of this Lease.

8. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. (a) Neither the Lessor nor the Permitted Assignee makes any warranty or representation, either express or implied, as to the design, compliance with specifications or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Units delivered to the Lessee hereunder, and neither the Lessor nor the Permitted Assignee makes any warranty of merchantability or fitness of the Units for any particular purpose, it being agreed that all such risks, as between the Lessor or the Permitted Assignee and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the Manufacturer or the manufacturer of the components of the Units. Neither the Lessor nor the Permitted Assignee shall have any responsibility or liability under this Lease to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor and the Permitted Assignee that all Units described in the Schedule relating thereto are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Permitted Assignee based on any of the foregoing matters.

(b) The Lessor represents and warrants as follows:



(i) At the time of delivery of each Unit under this Lease, the Lessor shall have such title to such Unit as is derived from the Manufacturer, unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances which may result from claims against the Lessor not arising out of the ownership thereof which will prevent the performance of this Lease in accordance with its terms; and

(ii) So long as the Lessee shall not be in default under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease.

(c) The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease; provided, however, that this Lease shall be subordinated to the rights of the Lessor under the Trust Declaration but the Lessor shall not have the right to terminate or impair the Lessee's possession or use of the property subject to this Lease so long as the Lessee shall not be in default under this Lease; and, subject to the foregoing, covenants that the Lessor has not done and will not do (or suffer to be done by any person claiming through or against the Lessor) any act which interferes with or impairs the Lessee's possession and use in accordance with the terms of this Lease of the Units or the title to the Units which may be transferred or conveyed to the Lessee under the provisions of paragraphs 6 and 21 of this Lease and that any title so conveyed shall then be free of any lien, claim, security interest or other encumbrance by or in favour of any person claiming by, through or under the Lessor.

(d) The Lessee agrees, for the benefit of the Lessor and the Permitted Assignee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to the Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of any legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Permitted Assignee and agrees to hold the Lessor and the Permitted Assignee harmless from and against

any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, or its employees, or any other person. In the event that such laws or rules require the alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, at its own expense, to make such alterations, changes, additions and replacements and to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor or the Permitted Assignee hereunder or under the Trust Declaration.

(e) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, reasonable wear and tear excepted.

(f) Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit except such as can be removed without damage to and without impairing the originally intended function or use of such Unit (including, without limitation, stakes installed on such Unit) and, without cost or expense to the Lessor, there shall be immediately vested in the Lessor the same interest in such accessions as the interests of the Lessor in such Unit. The Lessee may make alteration or modifications in any Unit so long as it does not affect the value of such Unit adversely.

(g) The Lessee agrees to indemnify and save harmless the Lessor and the Permitted Assignee against any charge or claim made against the Lessor or the Permitted Assignee and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor or the Permitted Assignee may incur in any manner by reason of entering into or performing this Lease or the Manufacturing Agreement or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee, whichever is later, and to indemnify and save harmless the Lessor and the Permitted Assignee against any charge, claim, expense, loss or liability on account of any accident

in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor or the Permitted Assignee under this paragraph for negligence on the part of the Lessor or the Permitted Assignee. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this paragraph in respect of any charge, claim, expense, loss or liability attributable to a Unit which shall have been returned to the Lessor pursuant to paragraphs 10 or 12 hereof or after this Lease with respect to such Unit has otherwise terminated, provided that such charge, claim, expense, loss or liability is attributable to an event occurring after such Unit was so returned or this Lease with respect to such Unit terminated, and provided, further, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or this Lease with respect to such Unit terminated.

(h) The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor and the Permitted Assignee) any and all reports known by the Lessee to be required to be filed by the Lessor or the Permitted Assignee, or requested by the Lessor or the Permitted Assignee to be filed, with any federal, provincial or other regulatory authority by reason of the interest of the Lessor in the Units or the leasing of the Units to the Lessee.

9. Default. If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

(a) default shall be made in the payment of any part of the rental provided in paragraph 2 hereof and such default shall continue for ten (10) days; or

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any unauthorized sublease of the Units, or any thereof; or

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue (and the Lessee shall not make effective provisions for curing such default) for thirty (30) days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be

remedied; or

(d) any proceedings shall be commenced by or against the Lessee by way of a scheme of arrangement under the Railway Act, R.S.C. 1970, c. R-2 or for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such effectiveness shall continue), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to the Lessee terminate this Lease; whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period), together with: (A) as liquidated damages for loss of the bargain and not as a penalty, a sum with respect to each Unit, which represents the excess of: the present value at the time of such termination of the entire unpaid balance of

then at any time after the occurrence of such an event of default the Vendor may, subject to the provisions of paragraph 11 hereof:

(i) upon written notice to the Purchaser and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire unpaid Balance of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid Balance of such Purchase Price and such interest shall bear interest from the date of such declaration at the rate of 7% per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid Balance of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Purchaser.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default by notice to the Purchaser in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Purchaser that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon; or

(ii) at any time during a Declaration of Default, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor, with or without the retaking of possession thereof, at its election may sell the Equipment, or any Unit thereof, free from any and all claims of the Purchaser, or of any other party claiming by, through or under the Purchaser, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if prior to such sale or prior to the making of a contract for such sale, the Purchaser should tender full payment of the entire indebtedness in respect of the Balance of the Purchase Price of the Equipment, together with interest thereon accrued

and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Equipment for disposition and arrangement for the sale and the Vendor's reasonable legal fees and disbursements, then in such event absolute right to the possession of (subject to the Lease and any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser. The proceeds of such sale, or of any lease or other disposition of the Equipment as provided hereunder, less reasonable legal fees and disbursements and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; provided, however, that the Purchaser shall be given written notice of such sale as provided hereinabove. The Vendor may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale without accountability to the Purchaser (except to the extent of surplus money received as hereinafter provided in this paragraph), and in payment of the Purchase Price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Purchaser hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

All sums of money realized by the Vendor under the remedies herein provided shall be applied (i) to the payment of the expenses and liabilities of the Vendor herein undertaken to be paid; (ii) to the payment of interest including interest on overdue interest on the unpaid Balance of the Purchase Price of the Equipment accrued and unpaid and (iii) to the payment of the unpaid Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions of this Agreement, the Purchaser shall pay the amount of such deficiency to the Vendor upon demand, and, if the Purchaser shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Purchaser. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Purchaser.

The Purchaser shall pay all reasonable expenses, including reasonable legal fees and disbursements incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable legal fees and disbursements, and the amount thereof shall be included in such judgment.

The foregoing provisions of this paragraph are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

11. WAIVER OF DEFAULT; SUBSTITUTED LEASE. Notwithstanding the provisions of paragraph 10 hereof, if in the event of any such default the Vendor shall have retaken possession of the Units of Equipment, the Purchaser shall have the right (so long as the Vendor shall not, in the exercise of its powers under this Agreement, theretofore have sold such Units or any thereof) to give notice to the Vendor and the holders of Loan Certificates under the Trust Declaration of a proposed new lessee which shall have entered into a commitment with the Purchaser (subject to the approval of the holders of Loan Certificates hereinafter provided for) to lease from the Vendor for a term not less than the balance of the original term of the Lease (and on terms and conditions substantially similar to the terms and conditions of the Lease to be in effect during such original term) such Units. Each such notice shall be accompanied by a copy (in substantially final form) of the proposed new lease (hereinafter called the "Substituted Lease").

Upon receipt of such notice by it, the Vendor shall thereupon suspend for a period of sixty (60) days any action then taken or contemplated by it for the sale or other disposition of the Units of which it shall have retaken possession and if within such sixty (60) day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Vendor in writing of their consent to the Substituted Lease, the Vendor shall execute and deliver upon the written request of the Purchaser, all such documents as it is advised by Counsel are necessary and requisite for the purposes of the Substituted Lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the respective maturities thereof not been accelerated under the provisions of the Trust Declaration, there shall no longer be any default under this Agreement and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Vendor may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the acceleration of the unpaid Balance of the Purchase Price.

12. APPLICABLE LAWS. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law of any jurisdiction may be waived, they are hereby waived by the Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

13. EXTENSION NOT A WAIVER. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the Vendor's rights or the obligations of the Purchaser hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Purchaser's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

14. RECORDING. Prior to the delivery and acceptance of any Unit of the Equipment, the Purchaser may cause this Agreement and any supplements hereto in each case (i) to be filed, registered, recorded or deposited and refiled, re-registered, rerecorded or redeposited, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette) in accordance with Section 86 of the Railway Act of Canada (1970-RSC), and (iii) to be filed in the office of the Minister of Financial and Commer-



cial Affairs of the Province of Ontario, Canada. The Purchaser will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in the United States and the Province of Ontario, Canada, to the satisfaction of the Vendor and its counsel, of its title to and ownership of the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Purchaser will promptly furnish to the Vendor evidences of such filing, registering, depositing or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

15. NOTICE. Any notice hereunder to any party designated below shall be deemed to be properly serve if delivered or mailed to it at its chief place of business at the following specified addresses:

- (a) the Purchaser: 625 Church Street,  
Toronto 5, Ontario.
- (b) the Vendor: 366 Bay Street,  
Toronto 105, Ontario.

Attention: General Manager

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

16. EFFECT AND MODIFICATION OF AGREEMENT. This Agreement and the Schedules hereto exclusively and completely state the rights and agreements of the Vendor and the Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Purchaser.

17. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces and Territories thereof and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

18. PURCHASE SUPPLEMENT. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease or upon the delivery of any Substituted Equipment, the Vendor and the Purchaser shall execute a Purchase Supplement making any Unit described in such Lease Schedule or such Substituted Equipment, as the case may be, subject to the terms and conditions of this Agreement.

19. REMUNERATION AND EXPENSES OF TRUSTEE UNDER TRUST DECLARATION. The Purchaser will pay to the Vendor as Trustee under the Trust Declaration from time to time reasonable remuneration for its services thereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts thereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), both before any default thereunder and thereafter until all duties of the Trustee under the trusts thereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or bad faith.

20. PURCHASER'S SUCCESSORS. Any corporation into which the Purchaser may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Purchaser shall be a party, or any corporation to which the undertaking and assets of the Purchaser shall have been transferred as an entirety or substantially as an entirety, shall be the successor of the Purchaser hereunder, without th execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary notwithstanding.

21. This Agreement shall subject to the provisions hereof, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

22. EXECUTION. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of December 31st, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their officers or officials thereunto duly authorized, and their respective corporate seals to be hereunto affixed

and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

"R.L. Armstrong"  
Authorized signature

C.S.

"E.B. Toller"  
Authorized signature

TRADERS GROUP LIMITED

"J.C. Brain"  
Senior Vice-President

C.S.

"G.E. Whitley"  
Secretary

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971.	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-28,600-549	Hamilton, Ontario	December 1971 to March 1972

Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

18.       Execution.     Although this Lease is dated as of December 31, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

19.       Law Governing.   The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease shall be filed, recorded or deposited or in which any Unit may be located.

20.       Security Deposit.   The Lessee shall pay to the Lessor upon the execution hereof, an amount which shall be equal to 4.8991% of the Aggregate Cost of the Equipment as stipulated in Schedule "A" annexed hereto (which amount is hereinafter called the "Original Deposit") provided, however, that in the event that less than all of the Units shall have been subsequently delivered and accepted by the Lessee on or before the Final Delivery Date (which undelivered and unaccepted Units are hereinafter called the "Excluded Units") then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date refund to the Lessee such portion of the Original Deposit paid by the Lessee to the Lessor upon the execution hereof which shall be equal to the difference between: (i) the Original Deposit and (ii) an amount equal to one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a)(ii) hereof respecting the Units of Equipment which have become subject to and governed by the provisions of this Lease pursuant to the provisions of paragraph 1 hereof. In the event that

RLA  
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the amount of one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a)(ii) hereof (hereinafter called the "Actual Rent") shall be less than the amount of the Original Deposit, then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date, refund to the Lessee such portion of the Original Deposit which shall be equal to the difference between: (i) the Original Deposit, and (ii) the Actual Rent, provided however, that notwithstanding anything hereinbefore contained and for the purpose of determining the amount of any such refund, the Purchase Price of each of such Units (as defined in paragraph 3 of the Manufacturing Agreement) shall in no event be less than an amount equal to the Unit Cost of each such Unit (as stipulated in Schedule "A" annexed hereto) less 2.5% thereof. In the further event that the amount of the Actual Rent shall be greater than the amount of the Original Deposit, then the Lessee shall within fifteen (15) days subsequent to the Final Delivery Date pay such additional amount which shall be added to and form part of the Original Deposit as shall be required in order that the aggregate amount of the Original Deposit be equal to the amount of the Actual Rent. The portion of the Original Deposit remaining after deduction of the amount of any such refund therefrom is hereinafter called the "Remaining Deposit". The Original Deposit or the Remaining Deposit, as the case may be, shall be retained by the Lessor until the Lessee shall have fully satisfied all its obligations under this Lease and as security to be applied by and at the option of the Lessor to the payment and/or performance of any obligations of the Lessee hereunder. The Original Deposit or the Remaining Deposit, as the case may be, shall not excuse the performance at the time and in the manner prescribed herein of any obligations of the Lessee or prevent default thereof and any of the Original Deposit or the Remaining Deposit, as the case may be, not so applied will be returned to the Lessee after the termination of this Lease, provided, however, that the Lessee may by written notice to the Lessor prior to the due date of the last rental payment as more particularly provided in paragraph 2 hereof direct the Lessor to apply the Original Deposit or the Remaining Deposit, as the case may be, on account of such last rental payment.

21. Purchase Option; First Renewal Option. Provided this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect to purchase all but not less than all of the Units then subject to this Lease at the expiration date of the Original Term of this Lease or at the expiration date of the First Renewal Option Period (the Lessee having duly exercised the First Renewal Option) or at the expiration date of the Second Renewal Option Period (the Lessee having duly exercised the Second Renewal Option) for a purchase price equal to the average of the determinations by the three independent appraisers (hereinafter referred to as the "Fair Market Value") of such Units as of the expiration date of the Original Term or the expira-

tion date of the First Renewal Option Period or the expiration date of the Second Renewal Option Period, as the case may be. Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Such right to purchase shall be exercised by the Lessee by giving to the Lessor and Permitted Assignee written notice of its intention to exercise such right not less than seven (7) months prior to the expiration date of the Original Term, the First Renewal Option Period or the Second Renewal Option Period, as the case may be. Fair Market Value of the Units shall be determined in accordance with the foregoing definition by each of three independent appraisers, one of whom shall be selected by the Permitted Assignee, the second by the Lessee and the third designated by the first two so selected. The appointment of all such appraisers shall be made not less than six months prior to the expiration date of the Original Term or of the First Renewal Option Period or of the Second Renewal Option Period, as the case may be.

Each Appraiser shall be instructed to proceed to make such determination within a period of thirty (30) days following appointment, and shall promptly communicate such determination in writing to the Permitted Assignee and the Lessee. The determinations so made shall be conclusively binding upon the Lessor, the Permitted Assignee and the Lessee. The expenses and fee of the Appraisers shall be borne equally by the Lessee and the Permitted Assignee. Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties in form and substance as more particularly provided in paragraph 6 hereof) for such Unit.

In the event that the Lessee shall not elect to so purchase all of the Units then subject to the Lease at the end of the Original Term, then the Lessee shall have the further right (hereinafter called the "First Renewal Option") to extend the term of the Lease for a further period of five (5) years from and after expiration of the Original Term (hereinafter called the "First Renewal Option Period") as to any one or more of the Units as shall be specified by the Lessee which the Lessee shall not have elected to purchase in accordance with the provisions hereof, at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined above and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained

in this Lease save that there shall be no further or other right to extend the term hereof except as more particularly provided in paragraph 22 hereof. Such right shall be exercised by the Lessee by giving to the Permitted Assignee written notice of its intention to exercise such right not less than 120 days prior to the expiration of the Original Term.

22. Second Renewal Option. Provided that the Lessee shall not have previously purchased all of the Units under the provisions of paragraph 21 hereof, and provided further that the Lessee shall have elected to exercise the First Renewal Option and shall have paid all sums then due and payable to the Permitted Assignee and be not then otherwise in default under this Lease, then the Lessee shall have the right (hereinafter called the "Second Renewal Option") upon the expiration of the First Renewal Option Period to further extend the term of this Lease for an additional period of five (5) years (hereinafter called the "Second Renewal Option Period") at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined in accordance with the provisions of paragraph 22 hereof and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained in this Lease save that there shall be no further right to extend the term hereof. Such right shall be exercised by the Lessee giving to the Permitted Assignee written notice of its intention to exercise such right not less than one hundred and twenty (120) days prior to the expiration of the First Renewal Option Period.

23. Indemnity Respecting Tax Matters

(a) Subject as hereinafter provided, if, subsequent to the Permitted Assignment, the Permitted Assignee shall not, due to a change in the Income Tax Act (Canada) and/or the Income or Corporate Tax Acts of any province (such Federal and Provincial Income Tax Acts being hereinafter collectively referred to as the "said Income Tax Act") or the Regulations made pursuant thereto, be entitled to claim capital cost allowance under the provisions of the said Income Tax Act and the said Regulations in whole or in part at a rate equivalent to or better than twenty per cent (20%) (which is the rate in respect of the Units at the date hereof) or, due to such change, there shall be disallowed with respect to the Permitted Assignee all or any portion of its claim for such capital cost allowance during the period that this Lease is in effect, then the rental rate applicable to the Units set forth in paragraph 2(a) hereof shall on and after the next succeeding rental payment date after written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer, due to such change, entitled to claim such capital cost allowance or if claimed and then disallowed then on the next succeeding rental payment date after payment of the tax attributable thereto (which tax shall be reimbursed to the Permitted



Assignee by the Lessee as additional rental on the next succeeding rental payment date), be increased by such amount over the balance of the term of the Lease, which in the reasonable opinion of the Permitted Assignee will cause the Permitted Assignee's net return in respect of the Units under this Lease to equal the net return that would have been available if the Permitted Assignee had been entitled to claim capital cost allowance at a rate of twenty per cent (20%).

(b) Provided, however, that if subsequent to the Permitted Assignment as a result of the occurrence of any of the following events, namely:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor or the Permitted Assignee the amounts stipulated under paragraph 6 hereof; or

(ii) the failure of the Permitted Assignee to claim such capital cost allowance in its income tax return for the appropriate year or the failure of the Permitted Assignee to follow proper procedure in claiming such capital cost allowance; or

(iii) a voluntary transfer by the Permitted Assignee to all or part of the legal title to such Unit, the disposition by the Permitted Assignee of any interest in such Unit or the reduction by the Permitted Assignee of its interest in the rentals from such Unit under the Lease (other than as contemplated by the Permitted Assignment) unless, in each case, an event of default shall have occurred and be continuing; or

(iv) the failure of the Permitted Assignee to have sufficient income to benefit from the deduction of such capital cost allowance; or

(v) the amendment of either the Conditional Sale Agreement or the Permitted Assignment without the prior written consent of the Lessee which consent shall not be unreasonably withheld,

the Permitted Assignee shall have lost or shall not have or shall have lost the right to claim or there shall have been disallowed with respect to the Permitted Assignee all or any portion of such capital cost allowance with respect to any Unit, then the rental rate shall not be increased as provided in (a) hereof.

(c) Provided further, notwithstanding the foregoing, any change occurring in the said Income Tax Act or the Regulations made pursuant thereto, the result of which shall be that the Permitted Assignee shall not be entitled to apply or claim such capital cost allowance in respect of

any Unit as a deduction in computing its taxable income from sources other than under this Lease, shall not require the adjustment in the rental rate as provided in (a) hereof unless such change shall occur in the first five and one-half years of the term of this Lease and if any such change does occur within the first five and one-half years of the term of this Lease, the rental rate as provided in (a) hereof shall not apply and the rental rate applicable to such Unit as more particularly set forth in this Lease shall on and after the next succeeding rental payment date after which written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer entitled to so claim such capital cost allowance, be increased by such amount for such Unit which in the reasonable opinion of the Permitted Assignee will be equal to the discounted then present value of the additional tax payable by the Permitted Assignee resulting from such change.

(d) If in the opinion of the Permitted Assignee's or the Lessee's tax counsel (hereinafter called "Counsel") a bona fide claim to all or a portion of such capital cost allowance on any Unit exists in respect of which the Lessee is required to pay any such increased rental to the Permitted Assignee as provided above, then the Permitted Assignee shall at the request and expense of the Lessee take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Permitted Assignee may take such action prior to making payment of the amounts claimed pursuant to any notice of assessment or reassessment or may make such payment and then seek a refund. The Permitted Assignee shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Permitted Assignee for all liabilities and expenses which may be entailed therein and shall have furnished the Permitted Assignee with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this paragraph shall survive the expiration or other termination of this Lease.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the Canadian registered mails, first-class postage prepaid, addressed as follows:

If to the Lessor, 366 Bay Street, Toronto, Ontario  
(with copy to Permitted Assignee at 625 Church  
Street, Toronto, Ontario).

If to the Lessee, P. O. Box 8100, Montreal 101,  
Quebec, Canada, attention of the Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

25. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

26. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, shareholder, director or officer, past, present or future, of the Lessor or the Lessee or the Permitted Assignee or against any beneficiaries in respect of which the Lessor may be acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of any such incorporators, shareholders, directors, officers or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF the Lessor and the Lessee, each pursuant to due corporate authority, have caused this instrument to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

By R. L. Armstrong  
Authorized signature

C.S.

E. B. Toller  
Authorized signature

Approved  
as to form only

CANADIAN NATIONAL RAILWAY COMPANY

D.B.  
Attorney

By E. T. Hurley  
Vice President

C.S.

J. M. Young  
Deputy Secretary

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-286000-549	Hamilton, Ontario	December 1971 to March 1972

SCHEDULE "B"

EQUIPMENT LEASE - SCHEDULE NO.

Dated the            day of            , 1971 to  
Lease dated as of the            day of December,  
1971 ("Lease") between GUARANTY TRUST  
COMPANY OF CANADA as Trustee ("Lessor")  
and CANADIAN NATIONAL RAILWAY COMPANY  
("Lessee")

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1. The terms used herein shall have the meaning given to such terms in the Lease in accordance with the terms thereof.
2. The Lessor and the Lessee hereby confirm that the Units of Equipment described in Schedule "A" annexed hereto and forming part hereof have been delivered to, examined and accepted by the Lessee on the date hereof as Units Leased under the Lease and are accordingly subject to and governed thereby and that the term of the Lease with respect thereto shall commence on the date hereof.
3. The Lessee does hereby acknowledge and confirm that the said Units of Equipment have been examined by duly appointed and authorized employees or representatives of the Lessee and that such examination discloses that same conform to the Specifications more particularly defined in the Manufacturing Agreement and are in good operating order, repair, condition and appearance on the date hereof.
4. The Lessee does hereby certify that at the time of such delivery of the Units to the Lessee there was plainly, permanently and conspicuously stencilled on each side thereof the following legend in letters not less than three-eighths inch in height:

"Owned and leased by Guaranty Trust Company of  
Canada, 366 Bay Street, Toronto, Canada, as  
Trustee under the terms of an Equipment Loan  
Trust Declaration."

Approved and agreed to this            day of            , 1971  
as a Schedule to and part of the Lease made between the  
parties hereto as of the            day of December, 1971.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

CANADIAN NATIONAL RAILWAY  
COMPANY

By:

By:

SCHEDULE "A" TO EQUIPMENT LEASE  
SCHEDULE NO.

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<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS</u>	<u>MANUFACTURERS</u>	<u>IDENTIFYING NUMBERS</u>
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PROVINCE OF ONTARIO )  
 )  
CITY OF TORONTO )

On this 31st day of December, 1971, before me personally appeared R. L. Armstrong, to me personally known, who, being by me duly sworn, says that he is General Manager of GUARANTY TRUST COMPANY OF CANADA, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Rupert F. Righten  
Notary Public

(Notarial Seal)

PROVINCE OF QUEBEC )  
CITY OF MONTREAL )

On this                      day of December, 1971, before me personally appeared E. T. Hurley, to me personally known, who, being by me duly sworn, says that he is Vice President of CANADIAN NATIONAL RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

L. Langelier  
Notary Public

(Notarial Seal)

My Commission is for life.





SCHEDULE 4

CONDITIONAL SALE AGREEMENT made as of the 31st day of December, 1971.

B E T W E E N:

GUARANTY TRUST COMPANY OF CANADA,  
a corporation duly incorporated  
under the laws of Canada, as  
Trustee under an Equipment Loan  
Trust Declaration executed on  
December 31, 1971,

(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

TRADERS GROUP LIMITED, a corpora-  
tion duly incorporated under the  
laws of Canada,

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS pursuant to an Agreement made as of the 31st day of December, 1971, between National Steel Car Corporation Limited, the Vendor, and Canadian National Railway Company (which Agreement is hereinafter called the "Manufacturing Agreement"), National Steel Car Corporation Limited (hereinafter called the "Manufacturer") agreed to construct, sell and deliver to the Vendor and the Vendor agreed to purchase certain railroad equipment more particularly described in Schedule "A" annexed thereto (hereinafter collectively called the "Equipment") and which Equipment is also more particularly described in Schedule "A" annexed hereto, all upon and subject to the terms and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manufacturing Agreement, title to each unit of Equipment (hereinafter sometimes collectively called "Units" and individually called "Unit") is to be vested in the Vendor as trustee upon the trusts set forth in a certain Equipment Loan Trust Declaration executed on December 31, 1971, (hereinafter called the "Trust Declaration") in favour of the holders of the Loan Certificates as more particularly defined in the Trust Declaration;

AND WHEREAS the Vendor has entered into a Lease of the Equipment dated as of the 31st day of December, 1971

(hereinafter called "the Lease") as Lessor with Canadian National Railway Company (hereinafter called the "Lessee") as Lessee;

AND WHEREAS pursuant to the provisions of an Indenture of Assignment made as of the 31st day of December, 1971 between the Vendor and the Purchaser (hereinafter called the "Rent Assignment"), the Vendor as Lessor under the Lease is contemporaneously herewith assigning to the Purchaser, subject to the rights of the holders of Loan Certificates as more particularly defined in the Trust Declaration, certain of its rights as Lessor under the Lease including the right to receive and collect all rents and other moneys payable to or receivable by the Vendor under or pursuant to the provisions of the Lease and of any Substituted Lease as more particularly referred to in Section 6.03 of the Trust Declaration and in paragraph 11 hereof (hereinafter called the "Substituted Lease") (other than payments resulting from a Casualty Occurrence as more particularly provided in paragraph 6 of the Lease);

AND WHEREAS the Vendor has agreed to sell and the Purchaser has agreed to purchase and pay for the Equipment, subject to the terms and conditions set forth herein, upon the delivery thereof under the Manufacturing Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. SALE AND DELIVERY. The Vendor agrees to sell and the Purchaser agrees to purchase and pay for the Equipment (as hereinafter provided) subject, however, to the Lease and to any Substituted Lease and to the rights of the holders of Loan Certificates under the provisions of the Trust Declaration, which Equipment shall be constructed and delivered in accordance with and subject to the provisions of the Manufacturing Agreement.

2. EXCLUSION OF UNITS OF EQUIPMENT. Any Unit of the Equipment not delivered and accepted prior to March 25, 1972 pursuant to the provisions of the Manufacturing Agreement or any Unit which prior to March 25, 1972 shall have suffered a Casualty Occurrence and shall not have been replaced in accordance with the provisions of paragraph 6 of the Lease or the equivalent provisions of any Substituted Lease, shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. Any such units so excluded are hereinafter called the "Excluded Units".

3. BASE PRICE. The base price of each unit of the Equipment (hereinafter called "a Unit of Equipment" or a "Unit") inclusive of Federal Sales Taxes stated in Canadian dollars is set forth in Schedule "A" annexed hereto and is therein and hereinafter called the "Unit Cost".

4. PURCHASE PRICE. The purchase price of the Equipment (hereinafter called the "Purchase Price") shall be an amount which is equal to the aggregate of:

- (a) an amount equal to 20% of the Aggregate Cost of the Equipment specified in Schedule "A" annexed hereto subject to such decrease as shall result from the deduction therefrom of the Unit Cost of the Excluded Units, if any, and to such other increase or decrease in accordance with the Manufacturing Agreement, which amount, subject to adjustment as aforesaid, is hereinafter called the "Down Payment"; and
- (b) an amount equal to the aggregate principal amount of 7% Short Term Equipment Loan Certificates issued by the Vendor as Trustee under the provisions of the Trust Declaration or of such other Equipment Loan Certificates as may be issued by the Vendor as trustee under the provisions of the Trust Declaration and any amendments thereto for the purpose of retiring and replacing the said 7% Short Term Equipment Loan Certificates, in neither case to exceed in aggregate principal amount the sum of \$12,400,000 (hereinafter called the 'Balance of the Purchase Price').

5. RENTAL ASSIGNMENT. The Purchaser hereby irrevocably appoints the Vendor and its successors as trustee under the Trust Declaration as its agent to receive all rents and payments receivable by or payable to the Vendor as Lessor under the Lease or any Substituted Lease which were duly assigned to the Purchaser under the Rent Assignment.

6. PAYMENT OF PURCHASE PRICE. The Purchaser hereby acknowledges itself to be indebted to the Vendor in the amount of and hereby promises to pay to or to the order of the Vendor at such place as the Vendor may designate, the Purchase Price, in the following manner:

- (a) on each "Closing Date" with respect to each "Group of the Equipment", all as more particularly defined and determined under and subject to the provisions of the Manufacturing Agreement, an amount equal to 20% of the Unit Cost of each Unit comprised in such Group of Equipment increased or decreased in accordance with the Manufacturing Agreement which in the aggregate shall not exceed the Down Payment; and

- (b) with respect to the payment by the Purchaser to the Vendor of the Balance of the Purchase Price, the Vendor is hereby authorized and directed to retain and apply the rents together with interest on overdue rent received under the Rent Assignment upon the date of the receipt thereof by the Vendor from the Lessee from time to time under the provisions of paragraph 2 of the Lease or the equivalent provisions of any Substituted Lease, on account of the payment of the Balance of the Purchase Price together with interest thereon and interest on overdue interest thereon until the entire principal amount of the Balance of the purchase price has been paid, it being agreed that the Purchaser shall not have any right to prepay any portion of the Balance of the Purchase Price.

It is agreed that the Obligation of the Purchaser to pay to the Vendor any amount of the Down Payment on a Closing Date as hereinbefore provided in this paragraph with respect to any Group of Equipment, is specifically subject to the contemporaneous fulfillment of the following conditions:

- (a) the Vendor shall have paid or caused to have been paid to the Manufacturer an amount equal to 80% of the Aggregate Cost of such Group of Equipment, increased or decreased in accordance with the Manufacturing Agreement;
- (b) the Lessee shall have paid or caused to be paid to the Manufacturer such amount of the Purchase Price for such Group of Equipment (as more particularly defined in the Manufacturing Agreement) as shall be in excess of the Aggregate Cost thereof, as increased in accordance with the Manufacturing Agreement;
- (c) the delivery to the Purchaser of a duplicate copy of the acknowledgment of the Manufacturer of receipt of the entire Purchase Price for such Group of Equipment and of the Certificate of Acceptance, invoice, bill of sale and opinion of Counsel for the Manufacturer relating thereto provided for in the Manufacturing Agreement;
- (d) the delivery to the Purchaser by the Lessee of the opinion required by paragraph 13 of the Lease;

- (e) the delivery to the Purchaser of a copy of an opinion or opinions of Counsel to the effect that the Lease and Trust Declaration have been duly deposited in the Office of the Registrar General of Canada and duly filed and recorded with the Interstate Commerce Commission of the United States of America.

7. TITLE TO THE EQUIPMENT. The Vendor shall and does hereby retain title to and ownership of the Equipment until the Purchaser shall have made payment of the Purchase Price hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Purchaser or the Lessee as herein provided. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof shall constitute accessions to the Equipment (except such as can be removed without damage to and without impairing the originally intended function or use of the Equipment, including, without limitation, stakes which have been added to the Equipment by the Lessee), and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in paragraph 8 hereof, when and only when the Vendor shall have been paid the full amount of the Purchase Price of all the Equipment and all the Purchaser's obligations herein contained shall have been performed, absolute right to the possession of (subject to the Lease or any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Purchaser, will execute appropriate instruments confirming such passage to the Purchaser of title to and ownership of the Equipment free of all liens, security interests and other encumbrances including those created or retained hereby or by the Trust Declaration and deliver such instruments to the Purchaser at its address specified in paragraph 15 hereof and will execute in the same manner and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Purchaser to the Equipment, and will pay to the Purchaser such remaining portion, if any, of the moneys paid to or received by the Vendor pursuant to the provisions of the Trust Declaration to which the Purchaser is entitled as more particularly provided therein.

8. CASUALTY OCCURRENCES. In the event of a Casualty Occurrence as more particularly defined in paragraph 6 of the

Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) with respect to any Unit of the Equipment during the term thereof or until such Unit shall have been returned in the manner provided in paragraph 12 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) any Unit of Equipment provided by the Lessee by way of replacement of the Unit subject to the Casualty Occurrence (hereinafter called the "Substituted Equipment") shall thereupon be and become part of the Equipment hereunder and be subject to all of the provisions hereof and the Vendor and the Purchaser shall execute and deliver a Purchase Supplement referred to in paragraph 18 hereof for the purpose of assuring and confirming same. Any payment received by the Vendor from the Lessee pursuant to the provisions of paragraph 6 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) in lieu of the replacement by the Lessee of the Unit subject to the Casualty Occurrence, shall be distributed by the Vendor to the Company in the manner provided in Section 5.03 of the Trust Declaration.

9. ASSIGNMENTS. The Purchaser will not assign or transfer its rights under this Agreement or transfer the right to possession of any Unit of the Equipment unless such assignment is made expressly subject to the Lease or any Substituted Lease and to the rights of the holders of Loan Certificates under the Trust Declaration, and contemporaneously therewith the Purchaser shall have assigned to any assignee or transferee thereof all of its right, title and interest under the Rent Assignment, provided, however, that any such assignments aforesaid shall be subject to the prior written consent of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding, who shall have notified the Vendor and Purchaser in writing of their consent to any such assignments.

10. DEFAULT. In the event that any one or more of the following events of default shall occur and be continuing, namely:

- (a) an Event of Default (as more particularly defined in the Lease) shall occur under the Lease; or
- (b) an event of default under any Substituted Lease subsequently entered into in accordance with Section 6.03 of the Trust Declaration shall occur; or
- (c) the Purchaser shall fail to pay or cause to be paid to the Vendor in full any sum payable by the Purchaser herein and such default shall continue for ten (10) days,

then at any time after the occurrence of such an event of default the Vendor may, subject to the provisions of paragraph 11 hereof:

(i) upon written notice to the Purchaser and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire unpaid Balance of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid Balance of such Purchase Price and such interest shall bear interest from the date of such declaration at the rate of 7% per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid Balance of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Purchaser.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default by notice to the Purchaser in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Purchaser that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon; or

(ii) at any time during a Declaration of Default, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor, with or without the retaking of possession thereof, at its election may sell the Equipment, or any Unit thereof, free from any and all claims of the Purchaser, or of any other party claiming by, through or under the Purchaser, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if prior to such sale or prior to the making of a contract for such sale, the Purchaser should tender full payment of the entire indebtedness in respect of the Balance of the Purchase Price of the Equipment, together with interest thereon accrued

and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Equipment for disposition and arrangement for the sale and the Vendor's reasonable legal fees and disbursements, then in such event absolute right to the possession of (subject to the Lease and any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser. The proceeds of such sale, or of any lease or other disposition of the Equipment as provided hereunder, less reasonable legal fees and disbursements and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; provided, however, that the Purchaser shall be given written notice of such sale as provided hereinabove. The Vendor may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale without accountability to the Purchaser (except to the extent of surplus money received as hereinafter provided in this paragraph), and in payment of the Purchase Price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Purchaser hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.



All sums of money realized by the Vendor under the remedies herein provided shall be applied (i) to the payment of the expenses and liabilities of the Vendor herein undertaken to be paid; (ii) to the payment of interest including interest on overdue interest on the unpaid Balance of the Purchase Price of the Equipment accrued and unpaid and (iii) to the payment of the unpaid Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions of this Agreement, the Purchaser shall pay the amount of such deficiency to the Vendor upon demand, and, if the Purchaser shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Purchaser. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Purchaser.

The Purchaser shall pay all reasonable expenses, including reasonable legal fees and disbursements incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable legal fees and disbursements, and the amount thereof shall be included in such judgment.

The foregoing provisions of this paragraph are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

11. WAIVER OF DEFAULT; SUBSTITUTED LEASE. Notwithstanding the provisions of paragraph 10 hereof, if in the event of any such default the Vendor shall have retaken possession of the Units of Equipment, the Purchaser shall have the right (so long as the Vendor shall not, in the exercise of its powers under this Agreement, theretofore have sold such Units or any thereof) to give notice to the Vendor and the holders of Loan Certificates under the Trust Declaration of a proposed new lessee which shall have entered into a commitment with the Purchaser (subject to the approval of the holders of Loan Certificates hereinafter provided for) to lease from the Vendor for a term not less than the balance of the original term of the Lease (and on terms and conditions substantially similar to the terms and conditions of the Lease to be in effect during such original term) such Units. Each such notice shall be accompanied by a copy (in substantially final form) of the proposed new lease (hereinafter called the "Substituted Lease").

Upon receipt of such notice by it, the Vendor shall thereupon suspend for a period of sixty (60) days any action then taken or contemplated by it for the sale or other disposition of the Units of which it shall have retaken possession and if within such sixty (60) day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Vendor in writing of their consent to the Substituted Lease, the Vendor shall execute and deliver upon the written request of the Purchaser, all such documents as it is advised by Counsel are necessary and requisite for the purposes of the Substituted Lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the respective maturities thereof not been accelerated under the provisions of the Trust Declaration, there shall no longer be any default under this Agreement and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Vendor may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the acceleration of the unpaid Balance of the Purchase Price.

12. APPLICABLE LAWS. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law of any jurisdiction may be waived, they are hereby waived by the Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

13. EXTENSION NOT A WAIVER. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the Vendor's rights or the obligations of the Purchaser hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Purchaser's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

14. RECORDING. Prior to the delivery and acceptance of any Unit of the Equipment, the Purchaser may cause this Agreement and any supplements hereto in each case (i) to be filed, registered, recorded or deposited and refiled, re-registered, rerecorded or redeposited, with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, (ii) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette) in accordance with Section 86 of the Railway Act of Canada (1970-RSC), and (iii) to be filed in the office of the Minister of Financial and Commer-

cial Affairs of the Province of Ontario, Canada. The Purchaser will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in the United States and the Province of Ontario, Canada, to the satisfaction of the Vendor and its counsel, of its title to and ownership of the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Purchaser will promptly furnish to the Vendor evidences of such filing, registering, depositing or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

15. NOTICE. Any notice hereunder to any party designated below shall be deemed to be properly serve if delivered or mailed to it at its chief place of business at the following specified addresses:

- (a) the Purchaser: 625 Church Street,  
Toronto 5, Ontario.
- (b) the Vendor: 366 Bay Street,  
Toronto 105, Ontario.

Attention: General Manager

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

16. EFFECT AND MODIFICATION OF AGREEMENT. This Agreement and the Schedules hereto exclusively and completely state the rights and agreements of the Vendor and the Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Purchaser.

17. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces and Territories thereof and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

18. PURCHASE SUPPLEMENT. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease or upon the delivery of any Substituted Equipment, the Vendor and the Purchaser shall execute a Purchase Supplement making any Unit described in such Lease Schedule or such Substituted Equipment, as the case may be, subject to the terms and conditions of this Agreement.

19. REMUNERATION AND EXPENSES OF TRUSTEE UNDER TRUST DECLARATION. The Purchaser will pay to the Vendor as Trustee under the Trust Declaration from time to time reasonable remuneration for its services thereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts thereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), both before any default thereunder and thereafter until all duties of the Trustee under the trusts thereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or bad faith.

20. PURCHASER'S SUCCESSORS. Any corporation into which the Purchaser may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Purchaser shall be a party, or any corporation to which the undertaking and assets of the Purchaser shall have been transferred as an entirety or substantially as an entirety, shall be the successor of the Purchaser hereunder, without th execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary notwithstanding.

21. This Agreement shall subject to the provisions hereof, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

22. EXECUTION. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of December 31st, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their officers or officials thereunto duly authorized, and their respective corporate seals to be hereunto affixed

and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

"R.L. Armstrong"  
Authorized signature

C.S.

"E.B. Toller"  
Authorized signature

TRADERS GROUP LIMITED

"J.C. Brain"  
Senior Vice-President

C.S.

"G.E. Whitley"  
Secretary

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
	550	70 Ton Compartmentized insulated and heated box cars, Canadian National Railway Specification F-110-5, dated May 1971, General Arrangement Drawing 9H-37428 and Spec. SS-1966, Letter of National Steel Car Corporation Limited dated May 3, 1971 and letters of Canadian National Railway to National Steel Car Corporation Limited dated June 2, 1971, June 17, 1971, June 30, 1971, July 7, 1971 and October 4, 1971.	\$26,587.25 (Cdn.) (incl. F.S.T.)	\$14,622,987.50 (Cdn.) (incl. F.S.T.)	CN-28,600-549	Hamilton, Ontario	December 1971 to March 1972

PROVINCE OF ONTARIO )  
 )  
CITY OF TORONTO )

On this 31st day of December, 1971, before me personally appeared R.L. Armstrong, to me personally known, who, being by me duly sworn, says that he is General Manager of GUARANTY TRUST COMPANY OF CANADA, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

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Notary Public

(Notarial Seal)

PROVINCE OF ONTARIO )  
 )  
CITY OF TORONTO )

On this 31st day of December, 1971, before me personally appeared George E. Whitley, to me personally known, who, being by me duly sworn, says that he is Secretary of TRADERS GROUP LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

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Notary Public

(Notarial Seal)

SCHEDULE 5

THIS INDENTURE dated as of the 31st day of December, 1971.

B E T W E E N:

GUARANTY TRUST COMPANY OF CANADA,  
a corporation duly incorporated  
under the laws of Canada, as Trustee  
under an Equipment Loan Trust Declaration executed on the 31st day of  
December, 1971,

(hereinafter called "Guaranty Trust")

OF THE FIRST PART

- and -

TRADERS GROUP LIMITED, a corporation  
duly incorporated under the laws of  
Canada,

(hereinafter called "Traders")

OF THE SECOND PART

WHEREAS pursuant to the provisions of an Agreement made as of the 31st day of December, 1971 between National Steel Car Corporation Limited, Guaranty Trust and Canadian National Railway Company (hereinafter called "Canadian National") (which Agreement is hereinafter called "the Manufacturing Agreement"), National Steel Car Corporation Limited agreed to construct and sell and Canadian National agreed to purchase certain railroad equipment more particularly described in Schedule "A" annexed thereto (hereinafter called "the Equipment") upon the terms and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manufacturing Agreement, title to each unit of Equipment (hereinafter sometimes collectively called "Units" and individually called "unit") is to be vested in Guaranty Trust as trustee upon delivery thereof to be held and retained by Guaranty Trust upon the trusts set forth in a certain Equipment Loan Trust Declaration executed on the 31st day of December, 1971 (hereinafter called the "Trust Declaration") in favour of the holders of the Loan Certificates as more particularly defined in the Trust Declaration;



AND WHEREAS Guaranty Trust has entered into a Lease of the Equipment dated as of the 31st day of December, 1971 (hereinafter called "the Lease") as Lessor with Canadian National Railway Company (hereinafter called the "Lessee") as Lessee;

AND WHEREAS Traders has pursuant to the provisions of Section 8.02 of the Trust Declaration duly requested Guaranty Trust to assign to it certain of the rights of Guaranty Trust under the Lease as hereinafter appearing;

AND WHEREAS Guaranty Trust as Vendor thereunder has agreed to sell and Traders as Purchaser thereunder has agreed to purchase and pay for the Equipment upon and subject to the terms and conditions set forth in a certain Conditional Sale Agreement dated the 31st day of December, 1971 (hereinafter called the "Conditional Sale Agreement");

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and the sum of Two (\$2.00) dollars now paid by Traders to Guaranty Trust (the receipt whereof by Guaranty Trust is hereby acknowledged), the parties hereto agree as follows:

1. Guaranty Trust hereby assigns, transfers and sets over unto Traders, subject to the rights of the said holders of Loan Certificates under the provisions of the Trust Declaration and subject to the provisions of Article Six thereof, the right to receive and collect all rents and other moneys payable to or receivable by Guaranty Trust under or pursuant to the provisions of the Lease and of any substituted lease entered into pursuant to Section 6.03 of the Trust Declaration (other than Casualty Payments receivable by Guaranty Trust pursuant to paragraph 6 of the Lease or the equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03 of the Trust Declaration) whether as rent, indemnity, liquidated damages or otherwise.

2. When Guaranty Trust as Vendor under the Conditional Sale Agreement shall have been paid the full amount of the Purchase Price (as therein defined) of all the Equipment and other payments as therein provided whereupon absolute title to and property in the Equipment shall pass to Traders as Purchaser, as more particularly provided in paragraph 7 of the Conditional Sale Agreement, Guaranty Trust shall upon the request of Traders, execute appropriate instruments providing for the absolute assignment and transfer to Traders of all of the right, title and interest of Guaranty Trust as Lessor in and to the Lease or any new or substituted lease entered into pursuant to the provisions of Section 6.03 of the Trust Declaration together with all rights, powers, privileges and other benefits of Guaranty Trust as the Lessor thereunder and the right to make all waivers and agreements, to give all notices, consents and releases, to take all

action upon the happening of an Event of Default thereunder and all other things whatsoever which Guaranty Trust as Lessor thereunder is or may become entitled to thereunder.

3. Guaranty Trust shall and will from time to time and at all times hereafter and shall also cause its successors as trustee under the Trust Declaration from time to time and at all times hereafter, to make, do and execute or cause or procure to be made, done and executed, all such further acts, deeds and assurances as shall be satisfactory to counsel for Traders for the more effectually assigning and assuring the assignments made or to be made hereby and the provisions hereof unto Traders, its successors and assigns, in manner aforesaid, and according to the true intent and meaning of these presents, and Guaranty Trust shall and will from time to time and at all times hereafter and shall also cause its successors as trustee under the Trust Declaration from time to time and at all times hereafter, to make, do and execute or cause or procure to be made, done and executed, all acts, deeds and assurances as shall be satisfactory to counsel for Traders for the purpose of effectually assigning to Traders such rights as hereinbefore specified of Guaranty Trust and its successors as trustee under the Trust Declaration arising under any new or substituted lease of the Equipment entered into pursuant to the provisions of Section 6.03 of the Trust Declaration.

4. Any corporation into which Traders may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which Traders shall be a party, or any corporation to which the undertaking and assets of Traders shall have been transferred as an entirety or substantially as an entirety, shall be the successor of Traders hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

5. All right, title and interest of Traders under the provisions of this Agreement and all benefits and advantages hereunder shall only be assignable by Traders to a permitted assignee of Traders as Purchaser in accordance with the provisions of paragraph 9 of the Conditional Sale Agreement.

6. The provisions of this Agreement shall, subject to the provisions of paragraph 5 hereof, be binding upon and

shall enure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the said parties have hereunto set their hands and seals.

GUARANTY TRUST COMPANY OF CANADA  
as Trustee

"R.L. Armstrong"

C.S.

"E.B. Toller"

TRADERS GROUP LIMITED

"J.C. Brain"

Senior Vice-President

C.S.

"G.E. Whitley"

Secretary

PROVINCE OF ONTARIO )  
 )  
JUDICIAL DISTRICT OF YORK )

On this                    day of February, 1972, before me personally appeared                    , to me personally known, who, being by me duly sworn, says that he is                    of GUARANTY TRUST COMPANY OF CANADA, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Notary Public

PROVINCE OF ONTARIO )  
 )  
JUDICIAL DISTRICT OF YORK )

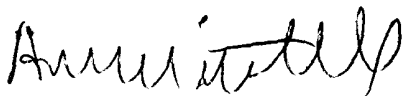
On this                      day of February, 1972, before me personally appeared                      , to me personally known, who, being by me duly sworn, says that he is                      of TRADERS GROUP LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Notary Public

PROVINCE OF ONTARIO )  
                                  )  
CITY OF TORONTO        )

On this 17th day of March, 1972, before me personally appeared R. L. Armstrong, to me personally known, who, being by me duly sworn, says that he is General Manager of GUARANTY TRUST COMPANY OF CANADA, that the seal affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public  
in and for the Province  
of Ontario.

(Notarial Seal)